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## **MEDIA CHINESE INTERNATIONAL LIMITED**

**世界華文媒體有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Malaysia Company No. 200702000044)**

**(Hong Kong Stock Code: 685)**

**(Malaysia Stock Code: 5090)**

### **ANNOUNCEMENT IN RELATION TO CONNECTED/RELATED PARTY TRANSACTION: PROPOSED DISPOSAL OF THE PROPERTY**

#### **THE SALE AND PURCHASE AGREEMENT**

The board of directors (“the Board”) of Media Chinese International Limited (“the Company”) wishes to announce that on 29 November 2023, Nanyang Press Holdings Berhad (“the Vendor”), a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement (“SPA”) with Teck Sing Lik Enterprise Sdn Bhd (“the Purchaser”) to dispose of a two-storey building located at No. 24, 24A & 24B, Weld Quay (Jalan Pengkalan Weld), 10300 Pulau Pinang, Malaysia (“the Property”) at a total consideration of RM3,500,000 (equivalent to approximately US\$753,000) (“the Consideration Sum”), subject to the existing tenancies and other terms as stipulated in the SPA (“the Proposed Disposal”).

#### **IMPLICATIONS UNDER THE LISTING RULES/LISTING REQUIREMENTS**

As at the date of this announcement, the Company is directly and indirectly owned as to approximately 11.65% by the Purchaser. As such, the Purchaser is a substantial shareholder of the Company and a connected person of the Company, and the entering into of the SPA constitutes a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

Since one or more of the percentage ratio(s) in respect of the Proposed Disposal is higher than 0.1% but less than 5%, the entering into of the SPA is subject to the reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

The Proposed Disposal also constitutes a related party transaction according to Chapter 10 of the Main Market Listing Requirements ("the Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). However, the Proposed Disposal is not subject to the approval of the shareholders as the relevant percentage ratios calculated under Chapter 10 of the Listing Requirements in respect of the Proposed Disposal are less than 5% as stated in Paragraph 10.08(1) of the Listing Requirements.

## 1. INTRODUCTION

The board of directors ("the Board") of Media Chinese International Limited ("the Company") wishes to announce that on 29 November 2023, Nanyang Press Holdings Berhad ("the Vendor"), a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement ("SPA") with Teck Sing Lik Enterprise Sdn Bhd ("the Purchaser") to dispose of a two-storey building located at No. 24, 24A & 24B, Weld Quay (Jalan Pengkalan Weld), 10300 Pulau Pinang, Malaysia ("the Property") at a total consideration of RM3,500,000 (equivalent to approximately US\$753,000) ("the Consideration Sum"), subject to the existing tenancies and other terms as stipulated in the SPA ("the Proposed Disposal").

The Property is presently let to The China Press Berhad ("TCP"), Nanyang Siang Pau Sdn Bhd ("NSP") and an external independent third party. Upon completion of the SPA, the Vendor will assign its rights, interests, and benefits under the tenancy agreements with the existing tenants to the Purchaser by way of a deed of assignment ("Deed of Assignment"), under which the Purchaser shall also assume all the Vendor's obligations under the existing tenancy agreements ("the Proposed Tenancy").

TCP is an indirect 99.75% owned subsidiary of the Company while NSP is an indirect wholly-owned subsidiary of the Company. As such, upon the completion of the SPA, the Proposed Tenancy of TCP and NSP with the Purchaser shall also constitute a related party transaction under the Listing Requirements.

Further details of the Proposed Disposal and the Proposed Tenancy are provided in the following sections.

Supplementary information in US\$ is shown for reference only and has been made at the exchange rate of US\$1.00 to RM4.6475, being the middle exchange rate quoted by Bank Negara Malaysia at 12:00 noon on 29 November 2023.

## **2. INFORMATION ON THE PARTIES**

### **2.1 Information on the Vendor**

The Vendor was incorporated in the Federation of Malaya on 23 July 1958 under the Companies Ordinance 1940–1946 as a public limited company under the name of Nanyang Press (Malaya) Limited. It changed its name to Nanyang Press (Malaya) Berhad on 15 April 1966 and was converted into a private limited company, Nanyang Press (Malaya) Sdn Berhad on 22 October 1974.

Subsequently, it was re-converted into a public company and thereafter changed its name to Nanyang Press Holdings Berhad on 28 October 1998. The Vendor was listed on Bursa Securities on 17 April 1989 and was delisted from Bursa Securities following the completion of the merger amongst the Company, the Vendor and Sin Chew Media Corporation Berhad on 30 April 2008. Thereupon, the Vendor is a wholly-owned subsidiary of the Company.

The issued share capital of the Vendor is RM79,466,375 comprising 76,107,375 ordinary shares.

The principal activities of the Vendor are publication and distribution of newspaper and magazines, organization of events, investment holding and letting of properties.

TCP is a 99.75% owned subsidiary of the Vendor while NSP is a wholly-owned subsidiary of the Vendor, which in turn, both are indirect subsidiaries of the Company.

### **2.2 Information on the Purchaser**

The Purchaser is a private limited company incorporated in Malaysia on 2 May 1980 and its principal business is investment in corporate securities and cultivation of oil palm. The issued and paid-up share capital of the Purchaser is RM5,000,000 comprising of 5,000,000 ordinary shares.

The directors of the Purchaser are Tan Sri Datuk Sir Tiong Hiew King (“TSTHK”), Mr Tiong Chiong Ong and Ms Tiong Choon.

As at the date of this announcement, the Purchaser is owned as to 84%, 0.5%, 2.5% and 13% by TSTHK, Puan Sri Datin Ngu Yii Chuo (spouse of TSTHK), Ms Tiong Choon and five other individuals (“the Individuals”), respectively. The Individuals are family members of TSTHK and each of the Individuals holds less than 5% equity interest of the Purchaser. All shareholders of the Purchaser are businessmen involving in the industries of media, timber, oil palm, plantations, oil and gas, information technology, hospitality, manufacturing and other investments.

Pursuant to the Listing Requirements, the Proposed Disposal is a related party transaction by virtue of the interests of the Purchaser, TSTHK and Ms Tiong Choon as described below:

- The Purchaser is a major shareholder of the Company.
- TSTHK is a major shareholder of the Company and serves as both a major shareholder and a director of the Purchaser.
- Ms Tiong Choon is a director and shareholder of both the Company and the Purchaser.

### 3. DETAILS OF THE PROPERTY

#### 3.1 Information on the Property

The Vendor is the registered and beneficial owner of the Property. Details of the Property are set out in the table below:

<b>Details</b>	<b>Description</b>
Identification/location of the Property	Held under land title known as GRN 37137, Lot 307 Seksyen 23, Bandar George Town, District of Timor Laut, State of Pulau Pinang, Malaysia.
Description of Building	An end double-storey terrace pre-war shop/office
Postal address	No. 24, 24A & 24B, Weld Quay (Jalan Pengkalan Weld), 10300 Georgetown, Pulau Pinang, Malaysia
Land size	386.8356 square metres (4,164 square feet)
Existing use	Shop and Office
Age of Building	Pre-war building
Tenure	Freehold
Date of acquisition	11 July 2012
The purchase price at date of acquisition	RM1,310,000
Audited net book value as of 31 March 2023	RM1,691,823
Encumbrances	Nil
Restriction in interest	Nil

### 3.2 Basis of arriving at the Consideration Sum and Rental Rate

The Consideration Sum for the Proposed Disposal of RM3,500,000 was determined through a “willing buyer-willing seller” basis via direct negotiations between the parties, taking into consideration the market value of the Property of RM3,350,000, as established by an independent professional valuer, Raine & Horne International Zaki + Partners Sdn Bhd (“Raine & Horne”), in their valuation report dated 25 October 2023 (“Valuation Report”).

The Board, save for Ms Tiong Choon, believes that the Consideration Sum of RM3,500,000 is fair and reasonable.

Currently, TCP and NSP, occupy the ground floor (front portion) and first floor of the Property under the tenancy agreements signed on 10 October 2023, for a two-year term at the respective monthly rental of RM2,496 for TCP and RM941 for NSP.

Upon completion of the SPA and execution of the Deed of Assignment with the Purchaser, both TCP and NSP will continue to pay the same monthly rental amount to the Purchaser.

The specific rental rates for each area of the Property, when compared to the market rates as determined by Raine & Horne’s Valuation Report, are as follows:

Rented Area	Tenant	RM per square feet			Difference (%)
		Existing Rates	Market Rates	Difference	
Ground Floor (Front Portion)	TCP	1.09	1.14	(0.05)	-5%
First Floor	NSP	0.60	0.64	(0.04)	-7%

While the rental rates may seem slightly below the market standards, they are justified given the unique circumstances surrounding the Property. The Property has suffered from extensive wear and tear over the years, exacerbated by frequent flooding, particularly on the ground floor. These issues have significantly impacted the appeal and functionality of the spaces.

These considerations underscore the validity of our rental rates, which are both reasonable and appropriate in the face of the challenges presented by the Property’s condition.

## 4. SALIENT TERMS OF THE AGREEMENTS

### 4.1 SPA

The salient terms of the SPA include, amongst others, the following:

- (a) The Vendor disposes of the Property on an “as is where is basis”, free from all caveats, liens, charges and encumbrances, subject to the following existing tenancies:
  - (i) Chiang Kee Chuan — Back of Ground Floor, at the monthly rent of RM1,100, vide tenancy agreement dated 17 August 2023;
  - (ii) TCP — Front Portion of Ground Floor at the monthly rent of RM2,496, vide tenancy agreement dated 10 October 2023; and
  - (iii) NSP — First Floor at the monthly rent of RM941 vide tenancy agreement dated 10 October 2023.
- (b) The Purchaser shall pay 10% of the Consideration Sum to the Vendor as a deposit upon execution of the SPA. The remaining balance 90% of the Consideration Sum will be paid to the Vendor within three months from the date of the SPA (“Completion Period”), with a further extension of one month from the end of the Completion Period subject to an interest payment at the rate of 8% per annum until full payment of the Consideration Sum.
- (c) If through no fault of the Vendor, the Purchaser (i) defaults in paying the Consideration Sum or the interest (if any) in accordance with the terms of the SPA; and/or (ii) breaches any terms of the SPA and has not remedied the same within 14 days after receiving notice from the Vendor, the Vendor shall be entitled, at any time thereafter to terminate the SPA and immediately forfeit the deposit absolutely as agreed liquidated damages.
- (d) If through no fault of the Purchaser, the Vendor (i) wilfully fails or neglects to complete the sale in accordance with the SPA; and/or (ii) breaches any terms of the SPA and has not remedied the same within 14 days after receiving notice from the Purchaser, the Purchaser shall be entitled at its sole discretion EITHER to (i) proceed to apply for a decree of specific performance against the Vendor and all other reliefs flowing therefrom; OR (ii) terminate the SPA and the Vendor shall pay to the Purchaser a sum equivalent to the deposit as agreed liquidated damages.
- (e) In the event that the transfer of Property cannot be registered, and such cause or reason of non-acceptance or rejection or non-registration cannot be or is not rectified, remedied and/or overcome within 30 days from the date of such non-acceptance or rejection or non-registration is made known to the Purchaser, the Purchaser shall have the option not to proceed with the sale and purchase under the SPA and upon the exercise of such option by the Purchaser, the Vendor shall refund all moneys paid to the Vendor (including the deposit) without any interest within 14 working days.

- (f) Within 5 working days from the receipt of the balance of the Consideration Sum, the Vendor shall be deemed to have delivered legal possession of the Property to the Purchaser and the Vendor shall execute the Deed of Assignment assigning all the Vendor's rights, interest and benefits under the tenancy agreements to the Purchaser and pay over the rental and utility deposit to the Purchaser, if any, after deducting any arrears of rent or water, electricity or sewerage charges.

#### **4.2 Deed of Assignment and Tenancy Agreements**

The salient terms of the Deed of Assignment include, amongst others, the following:

- (a) The Vendor assigns to the Purchaser absolutely all rights, title, interest, and obligations contained in the existing tenancy agreements with the existing tenants, effective as of the date where legal possession of the Property is handed over to the Purchaser.

The salient terms of the Tenancy Agreements between TCP, NSP and the Vendor include, amongst others, the following:

- (a) The monthly rental shall be payable on or before the 7th day of each and every calendar month.
- (b) The landlord is responsible for, amongst others, the payment of quit rent and assessment in respect of the Property, and keeping the Property sufficiently insured.
- (c) Both TCP and NSP are responsible, amongst others, to keep the rented Property and the interior thereof in good and tenantable repair. In addition, TCP and NSP shall pay for all utility charges incurred including electricity, water and sewerage in respect of the rented Property.
- (d) The Tenancy Agreements are for 2 years respectively and TCP and NSP have the option to renew the Tenancy Agreement for a further term of 2 years from the expiration of the original term with monthly rental at an increment of not more than 10% on the then-current rental.
- (e) Either party may terminate the tenancy agreement without assigning any reason by providing the other party with a written notice two months in advance, or by paying a sum equivalent to 2 months' rental as agreed liquidated damages, without prejudice to the rights and remedies of either party against the other in respect of any antecedent claim or breach of covenant.

## **5. REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL**

The Proposed Disposal will enable the Vendor to monetise its existing assets and allow it to utilize the cash for the working capital of its business operations.

Since the Property has suffered from extensive wear and tear over the years and the rental rates of the Property are below the market standards, the Proposed Disposal presents an opportunity for the Group to realise the appreciation in value of the Property. The Proposed Disposal will not adversely affect the operations of the Group as the Vendor's operating activities will remain uninterrupted, and TCP and NSP will continue to operate from the Property through the Deed of Assignment until the point when they relocate their offices to a more suitable location.

## **6. ESTIMATED TIME FRAME FOR COMPLETION**

The Proposed Disposal is expected to be completed by the first quarter of calendar year 2024.

## **7. EFFECTS OF THE PROPOSED DISPOSAL**

### **7.1 Share capital**

The Proposed Disposal will not have any effect on the issued and paid-up share capital and shareholding structure of the Company.

### **7.2 Substantial shareholders' shareholdings**

The Proposed Disposal will not have any effect on the substantial shareholders' shareholdings in the Company.

### **7.3 Expected Gain**

The Proposed Disposal is expected to give rise to a gain of approximately RM1,581,977 which is calculated based on the Consideration Sum to be received by the Company and its subsidiaries ("the Group") for the Proposed Disposal less the book value of the Property of RM1,691,823 as at 31 March 2023 after adjusting for relevant expenses and taxes.

The actual amount of a gain as a result of the Proposed Disposal to be recorded by the Company will be subject to the review and final audit by the auditor of the Company.



#### **7.4 Net profit before taxation and after taxation attributable to the Property**

The net profit before taxation and after taxation attributable to the Property for the two financial years ended 31 March 2023 and 31 March 2022 were approximately as follows:

<b>For the financial year ended</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	<i>RM</i>	<i>RM</i>
Net profit before taxation	7,093	9,957
Net profit after taxation	5,391	7,568

#### **7.5 Net assets per share and gearing**

The Proposed Disposal will not have any material effect on the consolidated net asset, consolidated net asset per share and gearing position of the Group.

#### **7.6 Earnings per share**

The Proposed Disposal will not have any material effect on the earnings and earnings per share of the Group for the financial year ending 31 March 2024.

### **8. PARTICULARS OF ALL LIABILITIES, INCLUDING CONTINGENT LIABILITIES AND GUARANTEES TO BE ASSUMED BY THE COMPANY ARISING FROM THE PROPOSED DISPOSAL**

There is no liability, including contingent liabilities and guarantees to be assumed by the Company arising from the Proposed Disposal.

### **9. UTILISATION OF PROCEEDS**

The Vendor intends to utilize the proceeds from the Proposed Disposal for its general working capital purposes within six months upon the completion of the SPA.

### **10. RISK FACTOR**

The risk factor concerning the Proposed Disposal is the delay or non-completion of the Proposed Disposal.

The completion of the Proposed Disposal is subject to full payment by the Purchaser as set out in the SPA. There can be no assurance that the Proposed Disposal can be completed on a timely basis, due to payment factors beyond the control of the Company.

Upon completion of the Proposed Disposal, the Group will not be entitled to enjoy contributions from the monthly rental as well as participate in the future appreciation of the value of the Property.

## 11. APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of shareholders of the Company or any other regulatory bodies.

## 12. HIGHEST PERCENTAGE RATIO APPLICABLE UNDER THE LISTING REQUIREMENTS

Based on the latest audited financial statements for the financial year ended 31 March 2023, the highest percentage ratio applicable to the Proposed Disposal according to Paragraph 10.02(g) of the Listing Requirements is 0.49%.

As the execution of Deed of Assignment on the Proposed Tenancy is for a period not more than 3 years and the terms, in particular the rental rate is supported by an independent valuation, it is therefore not regarded as a related party transaction as per paragraph 10.08(11)(h) of the Listing Requirements.

## 13. THE NATURE AND EXTENT OF THE INTERESTS OF THE INTERESTED DIRECTORS AND/OR MAJOR SHAREHOLDERS

The Purchaser and TSTHK are substantial shareholders (as defined under the Listing Rules)/major shareholders (as defined under the Listing Requirements) of the Company. TSTHK is also a director and a major shareholder of the Purchaser. Ms Tiong Choon is both a shareholder and a director of the Company and the Purchaser.

The direct and indirect shareholdings of the interested major shareholders and the interested director in the Company are set out below:

Director/major shareholders	Direct		Indirect	
	Number of shares held	%	Number of shares held	%
<b>Interested director</b>				
Ms Tiong Choon	2,654,593	0.16	653,320 <sup>(1)</sup> 1,023,632 <sup>(2)</sup>	0.04 0.06
<b>Interested major shareholders</b>				
TSTHK	87,109,058	5.16	1,006,844,190 <sup>(3)</sup> 234,566 <sup>(4)</sup>	59.67 0.01
The Purchaser	65,319,186	3.87	190,575,768 <sup>(5)</sup>	11.30

Notes:

(1) Deemed interested by virtue of her interest in TC Blessed Holdings Sdn Bhd.

(2) Deemed interested by virtue of her spouse's interest.

(3) Deemed interested by virtue of his interests in Tiong Toh Siong Holdings Sdn Bhd, Conch Company Limited, Kinta Hijau Sdn Bhd, Ezywood Options Sdn Bhd, the Purchaser, Madigreen Sdn Bhd, Rimbunan Hijau (Sarawak) Sdn Bhd, Rimbunan Hijau Southeast Asia Sdn Bhd, Pertumbuhan Abadi Asia Sdn Bhd and Tiong Toh Siong Enterprises Sdn Bhd.

- (4) Deemed interested by virtue of his spouse's interest.
- (5) Deemed interested by virtue of its interests in Madigreen Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Kinta Hijau Sdn Bhd and Rimbunan Hijau Southeast Asia Sdn Bhd.
- (6) The indirect interests of director and shareholders of the Company presented in the above are calculated pursuant to the Malaysian Companies Act, 2016.

Given the above interests, the Proposed Disposal and Deed of Assignment constitutes a related party transaction according to Paragraph 10.08 of the Listing Requirements.

Saved as disclosed above, none of the other directors or major shareholders of the Company or persons connected with them has any interest, direct or indirect, in the Proposed Disposal.

In addition, the interested director namely Ms Tiong Choon has abstained from the Board's deliberation and voting on the relevant resolutions of the Board to approve the Proposed Disposal and Deed of Assignment.

#### **14. TRANSACTION WITH SAME RELATED PARTY**

Apart from the recurrent related party transactions of a revenue or trading nature (as disclosed in the Company's circular to shareholders dated 20 July 2023) that have been entered with TSTHK and/or the Purchaser, there were no other transactions between the Company or the subsidiaries of the Company and TSTHK and/or the Purchaser for the preceding 12 months from the date of this Announcement.

#### **15. IMPLICATIONS UNDER THE LISTING RULES/THE LISTING REQUIREMENTS**

As at the date of this announcement, the Company is directly and indirectly owned as to approximately 11.65% by the Purchaser. As such, the Purchaser is a substantial shareholder of the Company and a connected person of the Company under the Listing Rules and since one or more of the percentage ratio(s) calculated under Chapter 14A of the Listing Rules in respect of the Proposed Disposal is higher than 0.1% but less than 5%, the entering into the SPA is subject to reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

The Proposed Disposal also constitutes a related party transaction according to Chapter 10 of the Listing Requirements. However, the Proposed Disposal is not subject to the approval of the shareholders as the relevant percentage ratios calculated under Chapter 10 of the Listing Requirements in respect of the Proposed Disposal are less than 5% as stated in Paragraph 10.08(1) of the Listing Requirements.

#### **16. STATEMENT BY DIRECTORS**

The Board (including the independent non-executive directors), save for Ms Tiong Choon, after having considered all aspects of the Proposed Disposal and Deed of Assignment, is of the opinion that the SPA and the Deed of Assignment had been

entered into after arm's length negotiation and the terms of the Proposed Disposal and Deed of Assignment are on commercial terms which are fair and reasonable and in the best interest of the Company and its shareholders as a whole.

#### **17. STATEMENT BY AUDIT COMMITTEE**

The Audit Committee is of the view that the Proposed Disposal and Deed of Assignment are in the best interests of the Company and are fair, reasonable and carried out on normal commercial terms and at arm's length basis, and are not detrimental to the interests of the minority shareholders of the Company.

#### **18. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA, Deed of Assignment and Valuation Report are available for inspection at the following offices of the Company during normal business hours from Monday to Friday (except public holidays) for three months from the date of this announcement:

**(a) Registered office in Malaysia**

12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

**(b) Head office and principal place of business in Hong Kong**

15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong.

On behalf of the Board  
**Media Chinese International Limited**  
**Tiong Kiew Chiong**  
*Director*

29 November 2023

*As of the date of this announcement, the Board comprises Mr Tiong Kiew Chiong, Mr Wong Khang Yen, Mr Liew Sam Ngan and Ms Tiong Yijia, being executive directors; Ms Tiong Choon, being non-executive director; and Mr Ip Koon Wing, Ernest, Datuk Chong Kee Yuon and Mr Khoo Kar Khoon, being independent non-executive directors.*