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)

DISCLOSEABLE TRANSACTION ANNOUNCEMENT IN RELATION TO THE PROPOSED DISPOSAL OF THE PROPERTY

THE PROPOSED DISPOSAL

The board of directors ("the Board") of Media Chinese International Limited ("the Company") wishes to announce that on 28 February 2024, Nanyang Press Holdings Berhad ("the Vendor"), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement ("SPA") with Success Oracle Sdn. Bhd. ("the Purchaser") to dispose of a four-storey office building and single-storey factory erected on two pieces of freehold land located at No 25, Jalan Industri 1/1, Rawang Integrated Industry Park, 48000 Rawang, Selangor, Malaysia ("the Property") at a total consideration of RM25,500,000 (equivalent to approximately US$5,356,000) ("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 one or more of the applicable percentage ratios in respect of the Proposed Disposal exceeds 5% but all are under 25%, the Proposed Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the percentage ratio of the Proposed Disposal does not exceed 5.0%, pursuant to Paragraph 10.05(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), the Company is not required to announce the Proposed Disposal to Bursa Securities. However, the Company wishes to voluntarily announce the Proposed Disposal under paragraph 10.05(2) of the Listing Requirements.

1. INTRODUCTION

The board of directors (“the Board”) of Media Chinese International Limited (“the Company”) wishes to announce that on 28 February 2024, Nanyang Press Holdings Berhad (“the Vendor”), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement (“SPA”) with Success Oracle Sdn. Bhd. (“the Purchaser”) to dispose of a four-storey office building and single-storey factory erected on two pieces of freehold land located at No. 25, Jalan Industri 1/1, Rawang Integrated Industry Park, 48000 Rawang, Selangor, Malaysia (“the Property”) at a total consideration of RM25,500,000 (equivalent to approximately US$5,356,000) (“the Consideration Sum”), subject to the existing tenancy and other terms as stipulated in the SPA (“the Proposed Disposal”).

Further details of the Proposed Disposal 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 RM4.761, being the middle exchange rate quoted by Bank Negara Malaysia at 12:00 noon on 28 February 2024.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Basis and Justification for the Consideration Sum

The Consideration Sum for the Proposed Disposal was resulted from arm’s length negotiations between the involved parties. It was determined based on the Valuation Reports prepared by two independent firms of registered valuers, namely Knight Frank and Raine & Horne International Zaki + Partners (“Raine & Horne”), respectively. These valuations took into account recent transactions and market prices of comparable properties in the Rawang Integrated Industrial Park, Selangor, Malaysia.

Both valuations primarily utilized the Comparison approach, with the Cost approach serving as a supplementary check.

According to the valuation report issued by Knight Frank dated 23 October 2023, it indicated a property value of RM28,000,000.

To ensure a comprehensive perspective, the Vendor enlisted Raine & Horne for a second valuation on 30 November 2023. In their assessment, Raine & Horne valued the Property at RM22,600,000.

Considering these two distinct valuations, the Vendor established the Consideration Sum at RM25,500,000. This figure represents a balanced midpoint, acknowledging the higher valuation by Knight Frank while also considering the more conservative estimation from Raine & Horne.

The Directors firmly believe that the Consideration Sum is fair, reasonable, and in the best interests of the shareholders of the Company as a whole.

2.2 Mode of Settlement

Following the terms and conditions of the SPA, the Consideration Sum shall be satisfied fully in cash, in the following manner:

Payment Terms	Timing	Amount *(RM)*	%
Earnest deposit sum	The Purchaser has paid the amount to the Vendor before the execution of the SPA	255,000	1
Balance deposit sum	Upon the parties' execution of the SPA	1,530,000	6
Retention sum	Upon the parties' execution of the SPA	765,000	3
Balance sum	Within 90 days from the date of the SPA ("Completion Period") failing which there will be an automatic extension of 30 days period but subject to Purchaser paying an interest at the rate of 8% per annum on the Balance sum	22,950,000	90
	Total Consideration Sum	25,500,000	100

2.3 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:

Details	Description
Identification/location of the Property	Lot 19006 Seksyen 20 and Lot 21223 held under Title No(s). GRN 205541 and GRN 212307, Bandar Rawang and Mukim Rawang respectively, are both located within the District of Gombak, Selangor, Malaysia.
Description of the Property	The Property comprises a four-storey office building and a single-storey factory.
Postal address	No. 25, Jalan Industri 1/1, Rawang Integrated Industry Park, 48000 Rawang, Selangor, Malaysia
Land area	12,262 square metres (131,988 square feet)
Gross floor area	10,351.51 square metres (111,422 square feet)
Existing use	Industrial and office

Details	Description
Age of buildings	Approximately 28 years old
Tenure	Freehold
Fair value as of 31 March 2023	RM19,300,000
The purchase price at date of acquisition	RM14,200,000
Occupancy	100%
Encumbrance(s)	Nil

2.4 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 newspapers and magazines, organization of events, investment holding and letting of properties.

2.5 Information on the Purchaser

The Purchaser is a private limited company incorporated in Malaysia on 8 April 2005, and primarily engages in investment holding as its principal business. The issued and paid-up share capital of the Purchaser is RM1,000,000 comprising of 1,000,000 ordinary shares.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is independent of the Company and its connected persons.

The directors and shareholders of the Purchaser, and their respective shareholdings are as follows:

Name	**Director/shareholder**	**No. of Shares held**	**Shareholding**
Cheong Kok Wai	Director and shareholder	250,000	25%
Cheong Kok Khong	Director and shareholder	250,000	25%
Cheong Kok Koon	Director and shareholder	200,000	20%
Cheong Ai Meng	Director and shareholder	200,000	20%
Lee Wai Thong	Shareholder	100,000	10%
Total		**1,000,000**	**100%**

2.6 Expected Gain Arising from the Proposed Disposal

The Proposed Disposal is anticipated to result in a gain of approximately RM5,070,000. This figure is derived from the Consideration Sum minus the fair value of the Property, which stands at RM19,300,000 as of 31 March 2023 and relevant expenses and taxes.

Since its acquisition in 2002, the Property has seen fair value gains totalling around RM5,020,000, which have been recognized in the statements of profit or loss in previous financial years.

It should be noted that the actual gain from the Proposed Disposal to be recorded by the Company is subject to review and final audit by the Company's auditor.

2.7 Liabilities to be assumed

Save for the obligations arising from or according to the SPA, there are no other liabilities, including contingent liabilities to be assumed by the Vendor according to the Proposed Disposal.

In addition, there are no guarantees given by the Vendor to the Purchaser for the Proposed Disposal.

3. SALIENT TERMS OF THE 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 all conditions of title and restrictions-in-interest (whether express and/or implied) on the title of the Property with legal possession and subject to the existing tenancy.

(b) The Property is presently occupied by Vivar Printing Sdn. Bhd. ("Vivar"), a related party to the Purchaser, in accordance with the following contractual arrangements:

  (i) A tenancy agreement finalized on 25 January 2021 ("Tenancy Agreement") between Vivar and the Vendor (acting as the landlord) spanning three years from 1 January 2021 to 31 December 2023; and

  (ii) A subsequent tenancy agreement dated 31 January 2024 extending the occupancy for an additional six months from 1 January 2024 to 30 June 2024.

  These documents collectively constitute the "Tenancy".

(c) The Parties explicitly acknowledge that the sale and purchase of the Property is contingent upon the Tenancy. In the event, that the completion date occurs before the expiration of the Tenancy on 30 June 2024, both the Vendor and the Purchaser have mutually agreed to execute a deed of novation of tenancy ("Deed of Novation of Tenancy") with Vivar as a signatory.

(d) The Purchaser has paid and/or shall pay 10% of the Consideration Sum being the earnest deposit, balance deposit and retention sum to the Vendor in the following manner:

  (i) The Purchaser has paid 1% of the Consideration Sum as an earnest deposit to the Vendor's solicitors (as a stakeholder) before the execution of the SPA and the same shall be released to the Vendor upon the Vendor's execution of the SPA.

  (ii) The Purchaser shall pay 6% of the Consideration Sum as a balance deposit to the Vendor upon the Vendor's execution of the SPA.

  (iii) The Purchaser shall upon the execution of the SPA pay 3% of the Consideration Sum as a retention sum to the Purchaser's solicitors (as a stakeholder) and shall cause the Purchaser's Solicitors to comply with Section 21B of the RPGT Act by paying the retention sum to the DGIR towards payment of real property gains tax (if any) charged on the Vendor.

(e) The remaining balance of 90% of the Consideration Sum will be paid to the Vendor within Completion Period, with a further extension of 30 days 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.

(f) If the Purchaser is unable to complete its purchase of the Property by payment of the remaining balance of 90% of the Consideration Sum and/or late payment interest, if any, payable thereon in accordance to the terms of the SPA, or breaches material terms of the SPA, provided that the Vendor is not in breach of any material terms of the SPA, the deposit shall be forfeited by the Vendor as agreed liquidated damages for the Purchaser's aforesaid failure whereupon the SPA.

(g) If the Vendor fails to complete the sale and purchase transaction in accordance with the terms of the SPA, provided that the Purchaser is not in breach of any material terms of the SPA, the Purchaser shall be entitled, at its option, by written notice to the Vendor to require:

   (i) the Vendor to refund all monies paid by the Purchaser towards the Consideration Sum within 14 working days from the date of termination of the SPA and the Vendor shall be liable to pay to the Purchaser, a sum equivalent to the deposit as agreed liquidated damages for the Vendor's failure. Upon such refund and payment, the SPA shall be terminated but without prejudice to any right or claim which either party may be entitled to against the other party in respect of any antecedent breach of the SPA; or

   (ii) specific performance of the Vendor's obligation to sell the Property in accordance with the SPA.

(h) 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 working days from the date of such non-acceptance or rejection or non-registration and is made known to the Purchaser, the sale and purchase under the SPA shall not be proceeded with, and the Vendor shall refund all sums paid by the Purchaser to the Vendor towards the Consideration Sum and where applicable under the SPA the agreed liquidated damages within 14 working days.

(i) The Vendor shall be deemed to have delivered legal possession of the Property to the Purchaser on the completion date.

4. REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal represents an opportunity for the Vendor to unlock the value of the Property and strengthen the Vendor's liquidity and financial position. The Company and its subsidiaries ("the Group") is expected to record an estimated net pro forma gain of approximately RM5,070,000. Furthermore, the proceeds from the Proposed Disposal will provide additional funds for general working capital of the Group.

If the Proposed Disposal does not materialize, the existing tenant, Vivar, has expressed its intention to vacate the Property. This scenario will cause challenges to the Vendor in searching for suitable tenants or buyers due to the many more properties available for rent or sale in the surrounding area of the Property.

5. PROPOSED UTILISATION OF PROCEEDS

The Proposed Disposal is expected to raise gross cash proceeds of RM25,500,000 which are expected to be utilised in the following manner:

Proposed Utilisation	Amount *(RM)*	Estimated Timeframe for utilisation from receipt of proceeds
(i) Estimated expenses and taxes in relation to the Proposed Disposal	1,200,000	Within 3 months
(ii) General Working Capital	24,300,000	Within 12 months
Total	25,500,000	

Notes:

Any deviation in the amount utilised for the estimated expenses for the Proposed Disposal will be adjusted to or from the amount allocated for the general working capital of the Group. The proceeds will be placed as deposits with the licensed financial institutions until they are fully utilised.

6. 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.

Notwithstanding the foregoing, the Board will take all reasonable steps to ensure that the conditions precedent and/or terms as set out in the SPA are fulfilled promptly to facilitate the completion of the Proposed Disposal.

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 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:

For the financial year ended	31 March 2023	31 March 2022
	RM	*RM*
Net profit before taxation	1,288,232	1,236,705
Net profit after taxation	979,056	939,896

7.4 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 for the financial year ending 31 March 2024, as the Proposed Disposal is expected to be completed in the third quarter of calendar year 2024.

7.5 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 as the Proposed Disposal is expected to be completed by the third quarter of calendar year 2024.

8. APPROVALS REQUIRED

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

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of the Company and/or persons connected with them have any interest, direct and/or indirect, in the Proposed Disposal.

10. 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 3.49%.

11. IMPLICATIONS UNDER THE LISTING RULES/THE LISTING REQUIREMENTS

As one or more of the applicable percentage ratios in respect of the Proposed Disposal exceeds 5% but all are under 25%, the Proposed Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the percentage ratio of the Proposed Disposal does not exceed 5.0%, according to Paragraph 10.05(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), the Company is not required to announce the Proposed Disposal to Bursa Securities. However, the Company wishes to voluntarily announce the Proposed Disposal under paragraph 10.05(2) of the Listing Requirements.

12. STATEMENT BY THE BOARD

After having considered all aspects of the Proposed Disposal, the Board (including the independent non-executive Directors) considers that the terms and conditions for the Proposed Disposal are on normal commercial terms after arm's length negotiations among the parties, which are fair and reasonable and is in the best interest of the Company and the shareholders of the Company as a whole.

13. ESTIMATED TIME FRAME FOR COMPLETION

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

14. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA, and Valuation Reports 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

28 February 2024

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, executive director; Ms Tiong Choon, non-executive director; and Mr Ip Koon Wing, Ernest, Datuk Chong Kee Yuon and Mr Khoo Kar Khoon, being independent non-executive directors.