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mediachina

C O R P O R A T I O N L I M I T E D

華 億 傳 媒 有 限 公 司

MEDIA CHINA CORPORATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)

(I) OPEN OFFER ON THE BASIS OF THREE (3) OFFER SHARES FOR EVERY EIGHT (8) SHARES HELD ON THE RECORD DATE

(II) PLACING OF NEW SHARES UNDER GENERAL MANDATE

AND

(III) RESUMPTION OF TRADING

**Financial adviser to the Media China Corporation Limited,
Underwriter of the Open Offer and Placing Agent of the Placing**

 **ORIENTAL
PATRON**

THE OPEN OFFER

The Company proposes to raise not less than approximately HK\$336.56 million and not more than approximately HK\$357.55 million before expenses by way of an open offer by issuing not less than approximately 7,011,616,992 Offer Shares (assuming all the outstanding vested Share Options are not exercised on or before the Record Date) and not more than approximately 7,448,866,992 Offer Shares (assuming that all the outstanding vested Share Options are exercised in full on or before the Record Date) at the Subscription Price of HK\$0.048 per Offer Share on the basis of three (3) Offer Shares for every eight (8) existing Shares held by the Qualifying Shareholders on the Record Date and payable in full on application. The Open Offer will not be available to the Excluded Shareholders. There will not be any arrangement for application of the Offer Shares by the Qualifying Shareholders in excess of their entitlements.

Under the provisions of Underwriting Agreement, if the Offer Shares are not fully subscribed under the Open Offer, the Underwriter after prior consultation with the Company shall have the right but not obligation to reallocate all or any of the unsubscribed Offer Shares, in such number as the Underwriter considers appropriate, to all or any of the Placee(s) as procured by the Underwriter as placing agent under the Placing in order to satisfy or fulfill its underwriting obligations under the Underwriting Agreement.

CBC, the sole holder of the Convertible Notes and a substantial Shareholder which is beneficially interested in 3,553,700,000 Shares representing approximately 19.01% of the total issued share capital of the Company as at the date of this announcement, has irrevocably undertaken to the Company and the Underwriter, among other things, that:–

- (i) subject to its internal approval, CBC shall subscribe for all the Offer Shares to be offered to it under the Open Offer and pay for them in full;
- (ii) all the Convertible Notes will remain beneficially owned by CBC and CBC shall not convert the whole or any part of the Convertible Notes into Shares until the Next AGM Date;
- (iii) CBC shall not, without the prior consent of the Underwriter, dispose of or transfer any Shares prior to the completion of the Open Offer or earlier termination of the Underwriting Agreement.

The Underwriter has conditionally agreed to fully underwrite or, upon due exercise of the Claw Back Option, procure the Placees to take up, all the Offer Shares other than those agreed to be taken up by CBC pursuant to the Irrevocable Undertaking. Details of the major terms and conditions of the Underwriting Agreement are set out in the paragraph headed “Underwriting Agreement” of this announcement.

THE PLACING

On 3 November 2009, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 2,020,000,000 new Shares at the Placing Price of HK\$0.048 per Placing Share to not fewer than six Placees who/which and whose ultimate beneficial owners will not be connected persons of the Company and will be third parties independent of and not connected with the Company and its connected persons. It is expected that none of the Placees and its ultimate beneficial owner(s) will become a substantial Shareholder immediately after the Placing.

The Placing Shares will be allotted and issued under the General Mandate. Assuming that all the Placing Shares will be issued and fully paid, without taking into account of any Offer Shares that may be issued, the Placing Shares represent approximately 10.80% of the existing issued share capital of the Company; and approximately 9.75% of the issued share capital of the Company as enlarged by the issue of the Placing Shares in full.

Subject to the due exercise by the Placing Agent of the Claw Back Option, the Placing Agent shall have the right to place those unsubscribed Offer Shares under the Open Offer to the Placees for subscription under the Placing. In carrying out the Placing, the Placing Agent will place any unsubscribed Offer Shares to the Placees before placing any additional new Shares up to the maximum number of the Placing Shares.

The Placing Shares, when issued and fully paid, will rank pari passu in all respects with the then existing Shares in issue on the date of allotment and issue of the Placing Shares.

The Placing is conditional upon, among others, the Stock Exchange granting or agreeing to grant the Listing of and permission to deal in the Placing Shares and the Underwriting Agreement becoming unconditional and not being terminated.

USE OF PROCEEDS

The estimated aggregate gross proceeds from the Placing and the Open Offer will be not less than approximately HK\$336.56 million (assuming all the outstanding vested Share Options are not exercised on or before the Record Date and no Placing Shares are issued) but not more than approximately HK\$454.51 million (assuming all the outstanding vested Share Options are exercised in full on or before the Record Date and all the Placing Shares are issued). The estimated net proceeds from the Placing and the Open Offer will not be less than approximately HK\$327.22 million but not more than approximately HK\$442.22 million.

The Board intends to apply the net proceeds as additional working capital to strengthen the Group's capital base and to enhance the business operations of the Group including future investments and acquisitions when opportunities arise.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer and the Placing are conditional upon, inter alia, the fulfillment of the conditions set out under the section headed "Conditions precedent to the Open Offer" and the section headed "Conditions precedent to the Placing Agreement" respectively

in this announcement. In particular, the Open Offer and the Placing are respectively subject to the Underwriting Agreement not being terminated in accordance with its terms thereof (see the section headed “Termination of the Underwriting Agreement” in this announcement). Accordingly, the Open Offer and/or the Placing may or may not proceed.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer and/or the Placing are fulfilled will accordingly bear the risk that the Open Offer and/or the Placing may not become unconditional or may not proceed. The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and are recommended to consult their own professional advisers.

The last day of dealings in the Shares on the Stock Exchange on a cum-entitlement basis will be Friday, 13 November 2009. The Shares will be dealt in on an ex-entitlement basis on the Stock Exchange from Monday, 16 November 2009. To qualify for the Open Offer, a Qualifying Shareholder’s name must appear on the register of members of the Company on the Record Date, which is currently expected to be Tuesday, 24 November 2009. In order to be registered as Shareholders on the Record Date, any transfers of Shares (with the relevant share certificates) must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong by 4:30 p.m. on or before Tuesday, 17 November 2009.

GENERAL

The Company will despatch the Prospectus Documents to each of the Qualifying Shareholders and, to the extent allowed under applicable laws and regulations, the Prospectus to each of the Excluded Shareholders (if any) for information purpose on or about Wednesday, 25 November 2009.

The Company announces that Qiansi is in negotiations with Hainan Haishi on a supplemental agreement to vary certain terms of the Exclusive Advertising Agency Agreement, and the supplemental agreement may or may not be entered into.

Referring to the Share Purchase Agreement in relation to the acquisition of Blower Investments Limited, according to the mechanism for calculation of number of Shares to be issued as consideration, the Tranche 2 Consideration Shares and the Tranche 3 Consideration Shares will not be issued.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 3 November 2009 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 5 November 2009.

The Board announces that on 3 November 2009, the Company entered into the following agreements:-

- (i) the Underwriting Agreement with CBC, a substantial Shareholder, and Oriental Patron, as the underwriter, in respect of the Open Offer; and
- (ii) the Placing Agreement with Oriental Patron, as the placing agent, in respect of the Placing.

Set out below are the details of the Open Offer and the principal terms of the Underwriting Agreement and the Placing Agreement:-

THE OPEN OFFER

Issue statistics

- | | | |
|---|---|--|
| Basis of the Open Offer | : | Three (3) Offer Shares for every eight (8) existing Shares held on the Record Date |
| Number of Shares in issue as at the date of this announcement: | : | 18,697,645,313 Shares |
| Number of Offer Shares: | : | Not less than approximately 7,011,616,992 Offer Shares and not more than approximately 7,448,866,992 Offer Shares |
| Number of Offer Shares undertaken to be taken up by CBC pursuant to the Irrevocable Undertaking | : | 1,332,637,500 Offer Shares, being the assured entitlement to CBC under the Open Offer |
| Number of Underwritten Shares | : | Not less than approximately 5,678,979,492 Offer Shares and not more than approximately 6,116,229,492 Offer Shares (other than the Offer Shares agreed to be taken up by CBC pursuant to the Irrevocable Undertaking) |

Subscription Price:	:	HK\$0.048 per Offer Share
Enlarged issued share capital immediately upon completion of the Open Offer	:	Not less than approximately 25,709,262,305 Shares but not more than approximately 27,312,512,305 Shares (taking into account the Irrevocable Undertaking)

The minimum total number of approximately 7,011,616,992 Offer Shares represents:

- (i) approximately 37.50% of the Company's existing issued share capital as at the date of this announcement; and
- (ii) approximately 27.27% of the Company's issued share capital as enlarged by the issue of the Offer Shares,

on the basis that there will be no conversion of any of the Convertible Notes and assuming no exercise of any outstanding vested Share Options on or before the Record Date.

The maximum total number of approximately 7,448,866,992 Offer Shares represents:

- (i) approximately 39.84% of the Company's existing issued share capital as at the date of this announcement; and
- (ii) approximately 27.27% of the Company's issued share capital as enlarged by the issue of the Offer Shares and the Shares to be issued upon exercising all the vested Share Options in full,

on the basis that there are no conversion of any of the Convertible Notes but assuming exercise in full of all the outstanding vested Share Options on or before the Record Date.

As at the date of this announcement, there are outstanding Convertible Notes that may be converted into 1,000,000,000 new Shares and outstanding vested Share Options entitling the holders thereof to subscribe for in aggregate 1,166,000,000 new Shares. CBC, the sole holder of the Convertible Notes and a substantial Shareholder, has irrevocably undertaken to the Company and the Underwriter, among other things, that it will not exercise its rights to convert any of the Convertible Notes into new Shares until the Next AGM Date. On this basis, no Convertible Notes will be converted but all the outstanding vested Share Options in respect of 1,166,000,000 new Shares may be exercised on or before the Record Date.

Save for the Convertible Notes and the above mentioned outstanding vested Share Options, the Company has no outstanding derivatives, options, warrants and conversion rights or other similar rights which were convertible or exchangeable into Shares as at the date of this announcement.

The Subscription Price

The Subscription Price of HK\$0.048 per Offer Share will be payable in cash and payable in full upon application for the Offer Shares by a Qualifying Shareholder. The Subscription Price represents:

- (i) a discount of approximately 12.73% to the closing price of HK\$0.0550 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 18.09% to the average closing price of HK\$0.0586 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 14.74% to the average closing price of HK\$0.0563 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 9.60% to the theoretical ex-entitlement price of HK\$0.0531 per Share based on the closing price as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the then prevailing market conditions, recent Share price performance, liquidity and performance of the Shares. Taking into consideration the theoretical ex-entitlement price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price is appropriate. Each Qualifying Shareholder shall be entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (including the independent non-executive Directors) consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully-paid, will rank pari passu in all respects with the then existing Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares. Dealings in the fully-paid Offer Shares are expected to commence on Tuesday, 22 December 2009.

Fractions of the Offer Shares

No fractional entitlements to the Offer Shares will be allotted to individual Shareholders. All such fractional entitlements shall be disregarded.

No application for excess Offer Shares

There will be no arrangement for application of Offer Shares by the Qualifying Shareholders in excess of their entitlements. Considering that each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Company's future development by subscribing for his/her/its proportionate entitlement under the Open Offer, if application for excess Offer Shares is arranged, the Company will have to put in additional effort and costs to administer the excess application procedures, which is not cost-effective from the viewpoint of the Company. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter and/or subscribers procured by the Underwriter or, upon due exercising of the Claw Back Option, by the Placee(s).

Share certificates for the Offer Shares

Subject to the fulfillment of the conditions precedent of the Open Offer, share certificates for all fully-paid Offer Shares are expected to be posted to the Qualifying Shareholders who have validly applied for and paid in full for their entitlement of Offer Shares by Thursday, 17 December 2009 by ordinary post at their own risk.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders and will (to the extent allowed under applicable laws and regulations) send the Prospectus, but not the application form, to the Excluded Shareholders (if any) for information only.

The Open Offer will only be available to the Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be an Excluded Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of Shares (with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong, namely Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Tuesday, 17 November 2009. The last day of dealings in Shares on a cum-entitlements basis is therefore expected to be Friday, 13 November 2009. The Shares will be dealt with on an ex-entitlement basis from Monday, 16 November 2009.

Closure of register of members

The Company's register of members will be closed from Wednesday, 18 November 2009 to Tuesday, 24 November 2009 (both days inclusive) for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Shares will be registered during this book closure period.

Excluded Shareholders

If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Open Offer.

The Directors will make enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules with the overseas legal advisers of the Company as to the feasibility of extending the Open Offer to the Overseas Shareholders, taking into consideration the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange for the issue of Offer Shares to the Overseas Shareholders.

If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any applicable requirements of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be extended to such Overseas Shareholders who will become the Excluded Shareholders. The Offer Shares to which the Excluded Shareholders would otherwise be entitled under the Open Offer will be taken up by the Underwriter and/or subscribers procured by the Underwriter or, upon due exercising of the Claw Back Option, by the Placee(s). The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus.

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

UNDERWRITING AGREEMENT

- Date : 3 November 2009
- Parties : (1) the Company
 : (2) Oriental Patron (as the Underwriter)
 : (3) CBC (to provide the Irrevocable Undertaking)
- Number of Underwritten Shares : Not less than approximately 5,678,979,492 Offer Shares (assuming the outstanding vested Share Options were not exercised on or before the Record Date) and not more than approximately 6,116,229,492 Offer Shares (assuming all the outstanding vested Share Options were exercised in full on or before the Record Date) which have not been taken up
- Underwriting Commission : 2.25% of the aggregate Subscription Price multiplied by the number of Offer Shares actually underwritten by the Underwriter

The gross proceeds from the Open Offer is expected to be not less than approximately HK\$336.56 million but not more than approximately HK\$357.55 million. The net proceeds from the Open Offer after deducting for expenses are estimated to be not less than approximately HK\$327.22 million but not more than approximately HK\$347.74 million.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure subscribers for the Offer Shares (other than those Offer Shares to be offered to CBC and which CBC has conditionally undertaken to apply for) which have not been taken up under the Open Offer. Accordingly, the Open Offer is fully underwritten. The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Underwriting Agreement and the amount of commission given to the Underwriter are fair as compared to the market practice and commercially reasonable as agreed between the Company and the Underwriter.

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owners are not connected persons of the Company.

Claw Back Option

Under the provisions of Underwriting Agreement, if the Offer Shares are not fully subscribed under the Open Offer, the Underwriter after prior consultation with the Company shall have the right but not obligation to reallocate all or any of the unsubscribed Offer Shares, in such number as the Underwriter considers appropriate, to all or any of the Placee(s) as procured by the Underwriter as placing agent under the Placing in order to satisfy or fulfill its underwriting obligations in the Underwriting Agreement.

The Underwriter's underwriting obligations with respect to any unsubscribed Underwritten Shares which are (i) reallocated by the Underwriter to the Placing in the manner mentioned above; and (ii) duly subscribed and paid for in full in cleared funds by the Placee(s) under the Placing, shall be considered as having been satisfied and discharged.

Save as mentioned in the above paragraph, the Claw Back Option shall not in any way affect the underwriting obligations imposed on the Underwriter pursuant to the Underwriting Agreement or the Underwriter's entitlement to the underwriting commission pursuant to the Underwriting Agreement.

Conditions precedent to the Open Offer

The Open Offer is conditional upon the following conditions being fulfilled:

- (1) the signing by or on behalf of any of the two Directors on or prior to the Prospectus Posting Date of each of the Prospectus Documents;
- (2) the issue by the Stock Exchange of a certificate of authorisation of registration in respect of, and registration of one duly signed copy of, each of the Prospectus Documents (and all other documents required by Section 342C of the Companies Ordinance to be attached thereto) by the Registrar of Companies in Hong Kong prior to despatch of the Prospectus Documents;
- (3) if necessary, the filing with the Registry of Companies in the Cayman Islands one copy of each of the Prospectus Documents duly signed by one Director (for and on behalf of all Directors) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date;

- (4) the posting of the Prospectus Documents to the Qualifying Shareholders and (if allowed under applicable laws and regulations) of the Prospectus marked “For information only” and a letter to the Excluded Shareholders for information purpose only explaining the circumstances under which the Open Offer is not extended to them, in each case on the Prospectus Posting Date;
- (5) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment of the Offer Shares) the listing of, and permission to deal in the Offer Shares and not having withdrawn or revoked such listing of and permission to deal in the Offer Shares; and
- (6) CBC having obtained its internal approval, including the approval by the advisory board of its parent entity, for its subscription for the Offer Shares to be offered to it under the Open Offer, and having complied with all of its undertakings and obligations as stated in the Underwriting Agreement.

None of the conditions precedent as set out above is capable of being waived. If any of the conditions precedent of the Open Offer is not fulfilled on or before the Prospectus Posting Date or in the event that the conditions as set out in (5) and (6) above have not been satisfied on or before 4:00 p.m. on the Settlement Date, all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall to the extent agreed by the Company be borne by the Company.

Termination of the Underwriting Agreement

The Underwriter may at its absolute discretion rescind the Underwriting Agreement by notice in writing issued to the Company at any time up to 4:00 p.m. on the Settlement Date, if at any time prior to 4:00 p.m. on the Settlement Date:–

- (a) any breach of any of the material representations, warranties or undertakings by the Company or CBC contained in the Underwriting Agreement comes to the knowledge of the Underwriter or there has been a breach on the part of the Company or CBC of any other material provision of the Underwriting Agreement, which would have a materially prejudicial effect on the Open Offer; or

- (b) any event occurs or matters arises on which shows any of the representations, warranties or undertakings by the Company or CBC under the Underwriting Agreement to have been untrue, incorrect or misleading in any material respect comes to the knowledge of the Underwriter, which in the absolute opinion of the Underwriter would have a materially prejudicial effect on the Open Offer; or
- (c) there is any material adverse change in the business or in the financial or trading position or prospects of any member of the Group which in the absolute opinion of the Underwriter is materially prejudicial to the Open Offer; or
- (d) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to or otherwise having a materially adverse effect on, the enactment of any new law or regulation or any change in existing laws or regulation (or the judicial interpretation thereof) or any change in, local, national or international financial, political, military, industrial, economic, terrorism, epidemic, legal, fiscal, regulatory or stock market matters or conditions which will in the absolute opinion of the Underwriter be materially adverse to or materially and prejudicially affect the Group or its prospects or the Open Offer or the success thereof or which makes it inadvisable or inexpedient or inappropriate to proceed with the Open Offer.

Irrevocable Undertaking

CBC holds all the Convertible Notes in the aggregate outstanding principal amount of HK\$49 million which are convertible into 1,000,000,000 Shares (subject to adjustment) and beneficially owned 3,553,700,000 Shares representing approximately 19.01% of the total issued share capital of the Company as at the date of this announcement.

Pursuant to the Underwriting Agreement, CBC has irrevocably undertaken to the Company and the Underwriter, among other things, that:-

- (i) CBC is the beneficial owner of 3,553,700,000 Shares, which will remain registered in the name of CBC or its nominee(s) on the Record Date;
- (ii) subject to the internal approval of CBC, including approval by the advisory board of its parent entity, CBC shall subscribe for all the Offer Shares offered to it under the Open Offer and pay for them in full by no later than the Latest Acceptance Time;
- (iii) all the Convertible Notes will remain beneficially owned by CBC and CBC shall not convert the whole or any part of the Convertible Notes into Shares until the Next AGM Date;

- (iv) CBC shall no later than two Business Days prior to the Record Date obtain all necessary internal approval including approval by the advisory board of its parent entity, for the subscription of all its entitlements under the Open Offer and payment therefor in full; and
- (v) CBC shall not, without the prior consent of the Underwriter, dispose of or transfer any Shares prior to the completion of the Open Offer or earlier termination of the Underwriting Agreement.

THE PLACING AGREEMENT

Date

3 November 2009

Issuer

The Company

Placing Agent

Oriental Patron

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Placees

The Placing Agent shall procure, on a best effort basis, not fewer than six Placees, being institutional, corporate or individual investors, to subscribe for the Placing Shares at the Placing Price. The Placing Agent has undertaken to use all reasonable endeavours to ensure that the Placees and their ultimate beneficial owners shall not be connected persons of the Company and shall be third parties independent of and not connected with the Company and its connected persons. It is expected that none of the Placees and its ultimate beneficial owner(s) will become a substantial Shareholder immediately after the Placing.

The Placing Shares

The Placing Agent has conditionally agreed to place up to 2,020,000,000 Placing Shares on a best efforts basis. Subject to the due exercise by the Placing Agent of the Claw Back Option under the Underwriting Agreement, the Placing Agent shall have the right to place those unsubscribed Offer Shares under the Open Offer to the Placees for subscription under the Placing. In carrying out the Placing, the Placing Agent will place any unsubscribed Offer Shares to the Placees before placing any additional new Shares up to the maximum number of the Placing Shares.

Assuming that all the Placing Shares will be issued and fully paid, without taking into account of any Offer Shares which may be issued, the Placing Shares to the Placee(s) represents approximately 10.80% of the existing issued share capital of the Company and approximately 9.75% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing Shares, when issued and fully paid, will rank pari passu in all respects with the then existing Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at its annual general meeting on 29 June 2009 subject to limit of up to 3,739,529,062 new Shares, representing approximately 20% of the aggregate nominal amount of the share capital of the Company in issue on that date. Up to the date of this announcement, no Shares have been issued and allotted under the General Mandate.

Placing Price

The Placing Price is HK\$0.048 per Placing Share and is to be paid in cash on completion of the Placing Agreement. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent and represents:

- (i) a discount of approximately 12.73% to the closing price of HK\$0.0550 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 18.09% to the average closing price of HK\$0.0586 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day; and

- (iii) a discount of approximately 14.74% to the average closing price of HK\$0.0563 per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing are on normal commercial terms and are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

The Placing Commission

The placing commission in relation to the Placing is equal to 2.25% of the Placing Price multiplied by the number of the Placing Shares actually placed by the Placing Agent pursuant to the Placing Agreement (but not including any Offer Shares allocated from the Open Offer to Placing pursuant to the Claw Back Option), which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the placing commission under the Placing Agreement is fair and reasonable.

The Expected Proceeds

The expected gross proceeds from the Placing is approximately HK\$96.96 million and the aggregate nominal value of the Placing Shares is HK\$20.20 million (assuming all 2,020,000,000 Placing Shares are successfully placed by the Placing Agent). After taking into account the estimated costs and expenses of approximately HK\$2.48 million in relation to the Placing, the net price per Placing Share is expected to be approximately HK\$0.0468 per Placing Share (assuming all 2,020,000,000 Placing Shares are successfully placed by the Placing Agent).

Conditions precedent to the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the Placing;
- (ii) all requisite consents or approvals from competent authorities for the Placing having been obtained, if necessary; and

(iii) the Underwriting Agreement becoming unconditional and not being terminated.

If any of the conditions precedent above is not fulfilled on or prior to 31 December 2009 (or such later date as the Company and the Placing Agent may agree), the Placing Agreement shall be terminated and none of the parties shall have claim against the other save for any antecedent breaches of the Placing Agreement.

Completion of the Placing

Subject to the fulfillment of all the conditions precedent to the Placing as set out above, completion of the Placing will take place on the Business Day after the Settlement Day or such other date as may be agreed between the Company and the Placing Agent.

REASONS FOR THE PLACING, OPEN OFFER AND THE USE OF PROCEEDS

The Company was incorporated in Cayman Islands with limited liability. The Group is principally engaged in television advertising business and content production business with its operations mainly in the PRC. As stated in the interim report of the Company for the six months ended 30 June 2009, the media industry encountered some obstacles and challenges against the backdrop of a global financial crisis and a weakened macro economy during the first half of 2009. However, PRC's economy is expected to maintain stable growth as the government continued to expand its macro economic policies to stimulate domestic consumption. Demand for TV and cross media platforms advertising continued to increase at a steady pace. Nevertheless, as consumer sentiment was adversely impacted by lingering uncertainty, the Group has adopted a proactive but prudent approach. The Group strives to seize new and existing business opportunities and to reposition itself on to a growth track.

The Board is of the view that the Placing and Open Offer represent good opportunities to raise additional funds to broaden its capital base. In addition, the Open Offer allows the Qualifying Shareholders to maintain their respective proportionate shareholdings in the Company and to participate in the future growth and development of the Company, while the Placing will broaden the shareholder base and enhance the profile of the Company given that the Placees are individual, institutional or professional investors.

Therefore, the Directors (including the independent non-executive Directors) consider the terms of the Placing Agreement and the Underwriting Agreement are fair and reasonable so far as the Shareholders are concerned and the Placing and the Open Offer is in the interests of the Company and the Shareholders as a whole.

The aggregate gross proceeds from the Placing and the Open Offer are expected to be not less than approximately HK\$336.56 million (assuming all the outstanding vested Share Options were not exercised on or before the Record Date and no Placing Shares were issued) but not more than approximately HK\$454.51 million (assuming all the outstanding vested Share Options were exercised in full on or before the Record Date and all the Placing Shares are issued), comprising:

	Minimum <i>HK\$ million</i>	Maximum <i>HK\$ million</i>
Placing	0	96.96
Open Offer	<u>336.56</u>	<u>357.55</u>
Total	<u><u>336.56</u></u>	<u><u>454.51</u></u>

The net proceeds from the Placing and the Open Offer after deducting for expenses are estimated to be not less than approximately HK\$327.22 million but not more than approximately HK\$442.22 million.

The Board intends to apply the net proceeds as additional working capital to strengthen the Group's capital base and to enhance the business operations of the Group including future investments and acquisitions when opportunities arise.

WARNING OF THE RISK OF DEALING IN THE SHARES

The Shares will be dealt in on an ex-entitlement basis commencing from Monday, 16 November 2009 based on the expected timetable.

The Open Offer and the Placing are conditional upon, inter alia, the fulfillment of the conditions set out under the section headed "Conditions precedent to the Open Offer" and the section headed "Conditions precedent to the Placing Agreement" respectively in this announcement. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms thereof (see the section headed "Termination of the Underwriting Agreement" in this announcement). Accordingly, the Open Offer and/or the Placing may or may not proceed.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer and/or the Placing are fulfilled will accordingly bear the risk that the Open Offer and/or the Placing may not become unconditional or may not proceed. The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares and are recommended to consult their own professional advisers.

EXPECTED TIMETABLE FOR THE OPEN OFFER

The expected timetable for the Open Offer set out below is indicative only and it has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled and/or waived (where appropriate).

The expected timetable for the Open Offer is set out below:

Hong Kong time

Last day of dealing in Shares on a cum-entitlement basis Friday, 13 November 2009

First day of dealing in Shares on an ex-entitlement basis Monday, 16 November 2009

Latest time for lodging transfer of Shares in 4:30 p.m. on Tuesday,
order to qualify for the Open Offer 17 November 2009

Register of members of the Company closes Wednesday, 18 November to
(both days inclusive) Tuesday, 24 November 2009

Record Date Tuesday, 24 November 2009

Despatch of the Prospectus Documents Wednesday, 25 November 2009

Latest time for acceptance of and payment for 4:00 p.m. on Wednesday,
Offer Shares 9 December 2009

Latest time for the Open Offer to become 4:00 p.m. on Tuesday,
unconditional 15 December 2009

Announcement of results of acceptance of on or before 9:00 a.m. on Thursday,
the Open Offer 17 December 2009

Despatch of certificates for Offer Shares

on or before Thursday, 17 December 2009

Commencement of dealings in Offer Shares Tuesday, 22 December 2009

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares in fully-paid form and the Placing Shares. The Offer Shares and the Placing Shares are expected to continue to be traded in the existing board lot of 50,000 Shares.

Dealings in the Offer Shares in their fully-paid form and the Placing Shares will be subject to the payment of stamp duty and any other charges and fees in Hong Kong.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS AND THE CONVERTIBLE NOTES

The Open Offer may lead to adjustments to the exercise price and/or the number of new Shares to be issued upon exercise of all the outstanding vested and unvested Share Options and the conversion price of the Convertible Notes. Further announcement will be made by the Company regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and the Convertible Notes in due course.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activity in the past twelve months immediately before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Open Offer and of the Placing (which are expected to take place on the same day) for each of the following scenarios under each of the assumptions below:

- (i) assuming no exercise of the outstanding vested Share Options on or before the Record Date; and
- (ii) assuming the exercise of the outstanding vested Share Options in full on or before the Record Date

- Scenario I : (a) all the Qualifying Shareholders will take up their respective Offer Shares in full; and (b) no Placing Shares will be placed and subscribed for by the Placees;
- Scenario II : (a) the Underwriter is required to take up all the Offer Shares (other than those CBC is entitled to take up) ; and (b) no Placing Shares will be placed and subscribed for by the Placees;
- Scenario III : (a) all the Offer Shares (other than those CBC is entitled to take up) will be taken up by the Placees upon exercising the Claw Back Option by the Underwriter; and (b) no Placing Shares will be placed and subscribed for by the Placees;
- Scenario IV : (a) all the Qualifying Shareholders will take up their respective Offer Shares in full; and (b) all the Placing Shares will be placed to and subscribed in full by the Placees; and
- Scenario V : (a) all the Offer Shares (other than those CBC is entitled to take up) will be taken up by the Placees upon exercising the Claw Back Option by the Underwriters; and (b) all the Placing Shares will be placed to and subscribed in full by the Placees

(i) assuming no exercise of the outstanding vested Share Options on or before the Record Date;

Name of the Shareholders	As at the date of this announcement		Scenario I		Scenario II		Scenario III		Scenario IV		Scenario V	
	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%
CBC (Note 1)	3,553,700,000	19.01%	4,886,337,500	19.01%	4,886,337,500	19.00%	4,886,337,500	19.00%	4,886,337,500	17.63%	4,886,337,500	17.63%
Underwriter	0	0.00%	0	0.00%	5,678,979,492	22.00%	0	0.00%	0	0.00%	-	0.00%
Places	0	0.00%	0	0.00%	0	0.00%	5,678,979,492	22.00%	2,020,000,000	7.28%	7,698,979,492	27.76%
Public Shareholders	15,143,945,313	80.99%	20,822,924,805	80.99%	15,143,945,313	59.00%	15,143,945,313	59.00%	20,822,924,805	75.09%	15,143,945,313	54.61%
Total	18,697,645,313	100.00%	25,709,262,305	100.00%	25,709,262,305	100.00%	25,709,262,305	100.00%	27,729,262,305	100.00%	27,729,262,305	100.00%

(ii) assuming the exercise of the outstanding vested Share Options in full on or before the Record Date

Name of the Shareholders	As at the date of this announcement		Scenario I		Scenario II		Scenario III		Scenario IV		Scenario V	
	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%
CBC (Note 1)	3,553,700,000	19.01%	4,886,337,500	17.89%	4,886,337,500	17.89%	4,886,337,500	17.89%	4,886,337,500	16.65%	4,886,337,500	16.65%
Options Holders of the Share	0	0.00%	1,603,250,000	5.87%	1,166,000,000	4.27%	1,166,000,000	4.27%	1,603,250,000	5.47%	1,166,000,000	3.98%
Underwriter	0	0.00%	0	0.00%	6,116,229,492	22.39%	0	0.00%	0	0.00%	-	0.00%
Places	0	0.00%	0	0.00%	0	0.00%	6,116,229,492	22.39%	2,020,000,000	6.89%	8,136,229,492	27.74%
Public Shareholders	15,143,945,313	80.99%	20,822,924,805	76.24%	15,143,945,313	55.45%	15,143,945,313	55.45%	20,822,924,805	70.99%	15,143,945,313	51.63%
Total	18,697,645,313	100.00%	27,312,512,305	100.00%	27,312,512,305	100.00%	27,312,512,305	100.00%	29,332,512,305	100.00%	29,332,512,305	100.00%

Notes:

1. Mr. Edward TIAN Suning, the Chairman and non-executive Director, is the director and the ultimate controlling shareholder of CBC

GENERAL

The Company will despatch the Prospectus Documents to each of the Qualifying Shareholders and, to the extent allowed under applicable laws and regulations, the Prospectus to each of the Excluded Shareholders (if any) for information only on or about Wednesday, 25 November 2009.

Reference is made to the announcement and the circular of the Company dated 18 May 2006 and 23 June 2006 respectively, both regarding, among other things, the Exclusive Advertising Agency Agreement between Qiansi and Hainan Haishi which constituted a major transaction of the Company under Chapter 14 of the Listing Rules. The Company announces that Qiansi is in negotiations with Hainan Haishi on a supplemental agreement to vary certain terms of the Exclusive Advertising Agency Agreement. The proposed amendments to the Exclusive Advertising Agency Agreement include certain adjustment to the annual fixed consideration payable by Qiansi to Hainan Haishi, and a change to the expiration date of the term of the Exclusive Advertising Agency Agreement. Qiansi is still discussing with Hainan Haishi on the variations to the terms of the Exclusive Advertising Agency Agreement, and the supplemental agreement may or may not be entered into.

Reference is also made to the announcement and the circular of the Company dated 9 April 2008 and 17 September 2008 regarding the transaction for the acquisition of Blower Investments Limited which constituted a discloseable transaction of the Company involving the issue of Shares as consideration. According to the mechanism for calculation of the Shares to be issued as consideration under the Share Purchase Agreement, the Tranche 2 Consideration Shares and the Tranche 3 Consideration Shares will not be issued.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 3 November 2009 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 5 November 2009.

DEFINITIONS

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks generally are open for business in Hong Kong
“CBC”	CBC China Media Limited, the sole holder of the Convertible Notes and a substantial Shareholder, which is beneficially interested in 3,553,700,000 Shares representing approximately 19.01% of the issued share capital of the Company as at the date of this announcement
“Claw Back Option”	the option for the Underwriter to reallocate any Underwritten Shares not taken up to the Placing to be subscribed by the Placee(s) as provided for in the Underwriting Agreement
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Media China Corporation Limited (華億傳媒有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Notes”	the convertible notes with aggregate outstanding principal amount of HK\$49 million issued by the Company in September 2006 which are convertible into Shares, the principal terms of which were set out in the circular of the Company dated 13 May 2005
“Director(s)”	director(s) of the Company
“Excluded Shareholders”	the Overseas Shareholders to whom the Board, after making enquiries, considers it necessary or expedient not to offer the Offer Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

“Excluded Shares”	such number of Offer Shares to be offered to CBC and which CBC has conditionally undertaken to subscribe for pursuant to the Underwriting Agreement
“Exclusive Advertising Agency Agreement”	the exclusive advertising agency agreement entered into between between Qiansi and Hainan Haishi on 12 May 2006, particulars of which were disclosed in the announcement and the circular of the Company dated 18 May 2006 and 23 June 2006 respectively
“General Mandate”	the mandate granted to the Directors by the Shareholders to exercise the powers of the Company to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting held on 29 June 2009
“Group”	the Company and its subsidiaries
“Hainan Haishi”	Hai Nan Haishi Tourist Satellite TV Media Co., Ltd. (海南海視旅遊衛視傳媒有限責任公司)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Irrevocable Undertaking”	the undertakings given by CBC to the Company and the Underwriter as stated in the Underwriting Agreement, further details of which are set out in the paragraph headed “Irrevocable Undertaking” under the section headed “Underwriting Agreement” in this announcement
“Last Trading Day”	2 November 2009, being the last trading day prior to the publication of this announcement
“Latest Acceptance Time”	4:00 p.m. on Wednesday, 9 December 2009 or such later time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of Offer Shares
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Next AGM Date”	the next annual general meeting of the Company, which is required to be held not more than 15 months after the date of the previous annual general meeting of the Company held on 29 June 2009 according to the articles of association of the Company
“Offer Share(s)”	not less than approximately 7,011,616,992 new Shares (assuming all the outstanding vested Share Options were not exercised on or before the Record Date) and not more than approximately 7,448,866,992 new Shares (assuming all the outstanding vested Share Options were exercised in full on or before the Record Date) to be issued by the Company pursuant to the Open Offer
“Open Offer”	the proposed issue of Offer Shares by the Company on the basis of three (3) Offer Shares for every eight (8) existing Shares held on the Record Date to the Qualifying Shareholders at the Subscription Price, pursuant to the terms and conditions to be set out in the Prospectus Documents and summarised therein
“Oriental Patron” or “Placing Agent” or “Underwriter”	Oriental Patron Asia Limited, a corporation licensed to conduct business in type 1 (dealing in securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Overseas Shareholder(s)”	the Shareholder(s) with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“Placee(s)”	any professional, institutional or independent individual investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the best effort placing of 2,020,000,000 Placing Shares at the Placing Price by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 3 November 2009 entered into between the Company and the Placing Agent in relation to the Placing

“Placing Price”	HK\$0.048 per Placing Share
“Placing Share(s)”	up to an aggregate of 2,020,000,000 new Shares which may be issued by the Company pursuant to the Placing
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the related application form(s) in respect of the assured allotment of the Offer Shares
“Prospectus Posting Date”	25 November 2009 or such other date as the Underwriter may agree in writing with the Company, as the date of despatch of the Prospectus Documents
“Qiansi”	Beijing Hua Yi Qian Si Advertising Company Limited (北京華億千思廣告有限公司), a wholly-owned subsidiary of the Company
“Qualifying Shareholders”	the Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Tuesday, 24 November 2009 or such other date as may be agreed between the Company and the Underwriter, being the date by reference to which entitlements to the Open Offer will be determined
“Settlement Date”	the fourth business day after the Latest Acceptance Time
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company

“Share Option(s)”	the option(s) to subscribe for Share(s) granted under the Share Option Scheme as at the date of this announcement
“Share Option Scheme”	the share option scheme adopted by the Company on 30 July 2002
“Share Purchase Agreement”	the conditional sale and purchase agreement dated 31 March 2008 entered into between Selamead Holdings Limited, the Company and Huang Ming Guo for the sale and purchase of the entire issued share capital of Blower Investments Limited, particulars of which are disclosed in the announcement of the Company dated 9 April 2008 and the circular of the Company dated 17 September 2008
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.048 per Offer Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Tranche 2 Consideration Shares”	the second tranche of Shares to be issued to Selamead Holdings Limited by the Company pursuant to the Share Purchase Agreement
“Tranche 3 Consideration Shares”	the third tranche of Shares to be issued to Selamead Holdings Limited by the Company pursuant to the Share Purchase Agreement
“Underwriting Agreement”	the underwriting agreement dated 3 November 2009 entered into by the Company, the Underwriter and CBC in relation to the Open Offer
“Underwritten Shares”	all the Offer Shares other than the Excluded Shares, being not less than approximately 5,678,979,492 Offer Shares and not more than approximately 6,116,229,492 Offer Shares (taking into account the Irrevocable Undertaking)

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By Order of the Board
Media China Corporation Limited
Edward TIAN Suning
Chairman

Hong Kong, 4 November 2009

As at the date hereof, the board of Directors comprises Mr. Edward TIAN Suning (Chairman and a non-executive Director), Mr. ZHAO Anjian (executive Director), Mr. ZHANG Changsheng (Vice Chairman and an independent non-executive Director), Mr. LI Ruigang, Mr. JIANG Jianning, Mr. YUEN Kin and Dr. WONG Yau Kar David (each an independent non-executive Director).