THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Media Partners International Holdings Inc., you should at once hand this Composite Document and the Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, a licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the Forms of Acceptance, the contents of which form part of the terms of the Offers contained herein.

JCDecaux Pearl & Dean
德高貝登

JCDecaux Pearl & Dean Ltd

(incorporated in Hong Kong with limited liability)

Media Partners International Holdings Inc.

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8072)

MANDATORY UNCONDITIONAL CASH OFFERS BY

CLSA
ASIA - PACIFIC MARKETS

**CLSA LIMITED
FOR AND ON BEHALF OF
JCDECAUX PEARL & DEAN LTD
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY THE OFFEROR OR PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF ALL OUTSTANDING OPTIONS OF
MEDIA PARTNERS INTERNATIONAL HOLDINGS INC.**

Financial Adviser to the Offeror

CLSA
ASIA - PACIFIC MARKETS

CLSA Equity Capital Markets Limited

**Independent Financial Adviser to the Independent Board Committee of
Media Partners International Holdings Inc.**

SOMERLEY LIMITED

A letter from CLSA Equity Capital Markets Limited containing, amongst other things, the details of the terms of the Offers, is set out on pages 7 to 17 of this Composite Document.

A letter from the Board of Media Partners International Holdings Inc. is set out on pages 18 to 24 of this Composite Document. A letter from the Independent Board Committee of Media Partners International Holdings Inc. containing its recommendation in respect of the Offers to the Independent Shareholders and Optionholders is set out on pages 25 and 26 of this Composite Document and a letter from the independent financial adviser, Somerley Limited, containing its advice on the Offers to the Independent Board Committee of Media Partners International Holdings Inc. is set out on pages 27 to 45 of this Composite Document.

The procedures for acceptance of the Offers and other related information are set out in Appendix I to this Composite Document and in the Forms of Acceptance. Acceptances should be received by no later than 4:00 p.m. on Monday, 21 November 2005 (or such later time and/or date as the Offeror may decide and announce in accordance with the Code).

This Composite Document will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

31 October 2005

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities trading on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

In this Composite Document, the following expressions have the meanings set out below, unless the context requires otherwise:

"Accepting Shareholder(s)"	the Shareholder(s) who accept(s) the Share Offer by duly completing and returning the **WHITE** Form of Acceptance
"Agreement"	the sale and purchase agreement dated 15 September 2005 entered into between the Vendor and the Offeror relating to the sale and purchase of the Sale Shares and the Convertible Bond
"Announcement"	the joint announcement of the Company dated 13 September 2005 in relation to a possible sale of all or part of the securities held by the Vendor in the Company
"Board"	the board of Directors
"business day"	a day on which banks are open for the transaction of general banking business in Hong Kong (excluding Saturday and Sunday and days on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"CLSA ECM"	CLSA Equity Capital Markets Limited, the financial adviser to the Offeror in relation to the Transactions and the Offers, and a licensed corporation under the SFO, licensed to conduct Types 4 (advising on securities) and 6 (advising on corporate finance) regulated activities under the SFO, including acting as a securities adviser and corporate finance adviser
"CLSA Limited"	CLSA Limited, which is a licensed corporation under the SFO, licensed to conduct Types 1 (dealing in securities) and 4 (advising on securities) regulated activities under the SFO
"Code"	the Hong Kong Code on Takeovers and Mergers
"Company"	Media Partners International Holdings Inc., a company incorporated in the Cayman Islands, the shares of which are listed on GEM

"Completion"	completion of the Transactions
"Composite Document"	this document dated 31 October 2005 jointly issued by the Offeror and the Company in connection with the Offers
"Compulsory Acquisition"	subject to the Offeror becoming so entitled and choosing to proceed under the provisions of the Companies Law (2004 Revision) of the Cayman Islands and Rule 2.11 of the Code, the compulsory acquisition under those provisions of those Shares which have not been acquired by the Offeror under the Share Offer
"Convertible Bond"	the convertible bond issued by the Company in the principal amount of HK$85,000,000
"Directors"	the directors, including the independent non-executive directors, of the Company or any of them
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Exercised Options"	Share Options exercised by an Optionholder on 27 October 2005 in relation to which 90,000 Shares will be issued by the Company at HK$0.62 per Share after the Latest Practicable Date, further details of which are referred in the section headed "The Option Offer" in the letter from the Board contained in this Composite Document
"First Closing Date"	the date which is 21 days after the date of despatch of this Composite Document
"Form(s) of Acceptance"	the **WHITE** form of acceptance and transfer of Shares in respect of the Share Offer (accompanying this Composite Document) and the **PINK** form of acceptance and cancellation of the Outstanding Options in respect of the Option Offer being separately despatched to Optionholders
"GEM"	the Growth Enterprise Market operated by the Stock Exchange
"GEM Listing Rules"	Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
"Group"	the Company and its subsidiaries

"HK$" and "cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong for the time being
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising Mr. Francis Wen-hou Chen, Mr. Philip Tit Hon Hung, Mr. Meocre Kwok Wing Li and Mr. Paul Laurence Saffo, all of whom are independent non-executive Directors, appointed to advise the Independent Shareholders and Optionholders in respect of the Offers
"Independent Shareholders"	the Shareholders who are not involved in, or interested in, the Agreement, being Shareholders other than the Vendor, the Offeror and their associates or parties acting in concert with any of them
"Latest Practicable Date"	28 October 2005, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document
"Letter from CLSA ECM"	the letter from CLSA ECM to the Independent Shareholders and the Optionholders as set out on pages 7 to 17 in this Composite Document
"Offer Period"	the period from 13 September 2005, being the date when the Announcement was made, to 4:00 p.m. on Monday, 21 November 2005, unless the Offer is revised or extended
"Offer Price"	HK$1.141 per Share
"Offer Shares"	Shares not already owned or agreed to be acquired by the Offeror or parties acting in concert with it, including any Shares unconditionally allotted or issued pursuant to the exercise of Outstanding Options
"Offeror"	JCDecaux Pearl & Dean Ltd, a company incorporated in Hong Kong
"Offers"	the Share Offer and the Option Offer

"Option Offer"	the offer to the Optionholders made by CLSA Limited, on behalf of the Offeror, on the terms and subject to the conditions contained in this Composite Document and the **PINK** Form of Acceptance, including any extension or revision thereof
"Optionholders"	holders of Share Options
"Outstanding Options"	Share Options granted by the Company pursuant to the Share Option Scheme and outstanding as at the Latest Practicable Date
"Outstanding Shareholders"	Shareholders whose Shares may become the subject of the Compulsory Acquisition (if applicable)
"PRC"	the People's Republic of China
"Registrar"	Tengis Limited, the Hong Kong branch share registrar of the Company at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
"Relevant Period"	the period commencing on the date falling six months prior to the commencement date of the Offer Period and ending on the Latest Practicable Date
"Sale Shares"	626,550,000 Shares
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Offer"	the mandatory unconditional cash offer to acquire the entire issued share capital of the Company made by CLSA Limited, on behalf of the Offeror, on the terms and subject to the conditions contained in this Composite Document and the accompanying **WHITE** Form of Acceptance, including any extension or revision thereof
"Share Option(s)"	the share option(s) granted under the Share Option Scheme
"Share Option Scheme"	the Company's share option scheme adopted on 7 January 2002
"Shareholder(s)"	registered holder(s) of the Share(s)

"Share(s)"	share(s) of HK$0.10 each of the Company
"Somerley"	Somerley Limited, the independent financial adviser to the Independent Board Committee in relation to the Offers, is a licensed corporation under the SFO permitted to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"trading day"	a day on which Shares can be purchased or sold on or through the Stock Exchange
"Transactions"	the sale and purchase of the Sale Shares and the Convertible Bond pursuant to the Agreement
"Vendor"	Morningside CyberVentures Holdings Limited, a company incorporated in the British Virgin Islands
"%"	per cent

Unless otherwise specified, amounts denominated in Euros have been translated for the purpose of illustration only into HK$ at the rate of HK$9.5147 = 1 Euro.

	2005
Opening date of the Offers	Monday, 31 October
Latest time for acceptance of the Offers	4:00 p.m. on Monday, 21 November
First Closing Date *(Note 1)*	Monday, 21 November
Announcement of the results of the Offers to be published on the GEM website	7:00 p.m. on Monday, 21 November
Latest date of posting of remittances for the amounts due under the Offers in respect of valid acceptances received on or before 4:00 p.m. on Monday, 21 November 2005 *(Note 2)*	Thursday, 1 December

Notes:

1. The latest time for acceptance of the Offers is 4:00 p.m. on 21 November 2005. The Offers, which are unconditional, will close on Monday, 21 November 2005 unless the Offeror revises or extends the Offers in accordance with the Code. The Offeror will issue an announcement on the GEM website at www.hkgem.com by 7:00 p.m. on Monday, 21 November 2005 as to whether the Offers have been revised, extended or expired and, in relation to any extension of the Offers, to state either the next closing date or that the Offers will remain open until further notice.

2. The consideration payable for the Offer Shares and the Outstanding Options tendered under the Offers will be paid as soon as possible, but in any event within 10 days of the date of receipt by the Registrar (in the case of the Share Offer) and the Company (in the case of the Option Offer), from Shareholders accepting the Share Offer and Optionholders accepting the Option Offer, of the valid requisite documents. Please refer to the paragraph headed "Settlement of the Offers" in the Letter from CLSA ECM in this Composite Document.

3. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in paragraph 4 headed "Right of withdrawal" in Appendix I headed "Further terms of the Offers" to this Composite Document.

4. If the Offeror receives valid acceptances of the Share Offer for not less than 90% in value of the Offer Shares, the Offeror intends to exercise any rights it may have under the provisions of the Companies Law (2004 Revision) of the Cayman Islands to acquire compulsorily any outstanding Shares and to apply for a withdrawal of listing of the Shares from GEM. Pursuant to Rule 15.6 of the Code, the Offers may not remain open for acceptance for more than 4 months from the posting of this Composite Document, unless the Offeror has by that time become entitled to exercise such powers of Compulsory Acquisition, in which event it must do so without delay.

All time references contained in this Composite Document refer to Hong Kong time.

CLSA
ASIA - PACIFIC MARKETS

31 October 2005

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CLSA LIMITED
FOR AND ON BEHALF OF
JCDECAUX PEARL & DEAN LTD
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY THE OFFEROR OR PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF ALL OUTSTANDING OPTIONS OF
MEDIA PARTNERS INTERNATIONAL HOLDINGS INC.**

INTRODUCTION

On 20 September 2005, the Offeror and the Company jointly announced a possible mandatory cash offer to be made by CLSA Limited on behalf of the Offeror, an indirect wholly owned subsidiary of JCDecaux SA, to acquire all the issued share capital of the Company not already owned or agreed to be owned by the Offeror.

This letter, Appendix I to this Composite Document and the Forms of Acceptance, together set out the terms and conditions of the Offers and certain related information.

ACQUISITION OF SALE SHARES AND THE CONVERTIBLE BOND

In the joint announcement by the Offeror and the Company dated 20 September 2005, the Offeror and the Company announced that the Offeror entered into the Agreement to acquire from the Vendor (i) the Sale Shares, comprising 626,550,000 Shares representing approximately 73.38% of the existing issued share capital of the Company for an aggregate consideration of HK$714,893,550, or HK$1.141 per Sale Share; and (ii) the Convertible Bond in the cash sum of HK$85,000,000.

On 26 October 2005, the Offeror announced Completion, whereby it became the owner of the Sale Shares and the holder of the Convertible Bond.

MANDATORY UNCONDITIONAL CASH OFFERS

Immediately prior to entering into the Agreement, the Offeror and persons acting in concert with it were not interested in any securities of the Company. Immediately following Completion, the Offeror and any persons acting in concert with it are interested in 626,550,000 Shares, representing 73.38% of the total issued share capital of the Company, and in addition, the Offeror is the holder of the Convertible Bond. As at the Latest

Practicable Date, the total number of Shares in issue is 853,800,000 (excluding the 90,000 Shares to be issued by the Company in relation to the Exercised Options after the Latest Practicable Date). As a result, under Rule 26.1 of the Code, the Offeror is required to make an unconditional mandatory offer for all the Shares not already owned or agreed to be owned by the Offeror and all the Outstanding Options respectively.

The Offers are unconditional and are therefore not conditional upon any minimum level of acceptances being received nor subject to any other conditions.

THE SHARE OFFER

CLSA Limited, on behalf of the Offeror, hereby unconditionally offers to acquire, on the terms and subject to the conditions set out in this Composite Document and in the accompanying **WHITE** Form of Acceptance, all of the Shares not already owned or agreed to be owned by the Offeror, on the following basis:

Offer Price

For each Offer Share .... HK$1.141 in cash

The Offer Price represents:

(a) a premium of approximately 37.5% over the closing price of the Shares as quoted on the Stock Exchange of HK$0.83 per Share, being the last price at which Shares traded immediately prior to the suspension of trading at 10:27 a.m. on 15 September 2005;

(b) a premium of approximately 32.7% over the closing price of the Shares as quoted on the Stock Exchange of HK$0.86 per Share, being the last price traded on 14 September 2005, being the last full trading day prior to the suspension in trading at 10:27 a.m. on 15 September 2005;

(c) a premium of approximately 58.0% over the average closing price of the Shares as quoted on the Stock Exchange of HK$0.722 per Share for the 5 trading days immediately prior to and including 14 September 2005, being the last full trading day immediately prior to the suspension in trading at 10:27 a.m. on 15 September 2005;

(d) a premium of approximately 84.5% over the average closing price of the Shares as quoted on the Stock Exchange of HK$0.619 per Share for the 20 trading days immediately prior to and including 14 September 2005, being the last full trading day immediately prior to the suspension in trading at 10:27 a.m. on 15 September 2005;

(e) a premium of approximately 111.1% over the net asset value (excluding minority interests) per share of the Company as at 30 June 2005; and

(f) a premium of approximately 1.0% over the closing price of HK$1.13 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

During the six-month period preceding the date of the Announcement, the highest closing price of the Shares as quoted on the Stock Exchange was HK$0.83 per Share on 12 September 2005, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.48 per Share on 14 March 2005.

Acceptances of the Share Offer should be received as soon as possible and in any event by no later than 4.00 p.m. (Hong Kong time) on Monday, 21 November 2005.

THE OPTION OFFER

As at the Latest Practicable Date, the Company had in aggregate 29,008,000 Outstanding Options, entitling Optionholders to subscribe for an aggregate of 29,008,000 Shares at an exercise price of between HK$0.55 to HK$0.62 per Share. On 27 October 2005, the Company received a notice from an Optionholder to exercise Share Options which would result in the allotment and issue of 90,000 Shares at HK$0.62 per Share after the Latest Practicable Date. These Share Options were granted on 14 August 2002 and, in connection with the same Optionholder, an aggregate of 180,000 Outstanding Options will lapse under the terms of the Share Option Scheme after the Latest Practicable Date. Taking the aforesaid into account, the Company will, immediately after the Latest Practicable Date, have, in aggregate, 28,828,000 Outstanding Options, entitling Optionholders to subscribe for an aggregate of 28,828,000 Shares at an exercise price of between HK$0.55 to HK$0.62 per Share

CLSA Limited, on behalf of the Offeror, hereby unconditionally offers to the Optionholders to pay the following amounts for the Outstanding Options they renounce and surrender for cancellation:

For cancellation of each Share Option with a right to subscribe for one Share at an exercise price of HK$0.55 .... HK$0.591 in cash

For cancellation of each Share Option with a right to subscribe for one Share at an exercise price of HK$0.59 .... HK$0.551 in cash

For cancellation of each Share Option with a right to subscribe for one Share at an exercise price of HK$0.62 .... HK$0.521 in cash

The offer prices for such Outstanding Options represent the Offer Price less the amount payable by such Optionholders if they had chosen to exercise the relevant Outstanding Options to subscribe for each Share.

By accepting the Option Offer, Optionholders will renounce and agree to the cancellation of relevant Outstanding Options. Optionholders will renounce all rights under those Outstanding Options which rights shall thereupon lapse and be fully discharged and be of no further effect.

Save as described above in relation to the Outstanding Options, the 90,000 Shares which fall to be issued pursuant to the Exercised Options and the Convertible Bond, the Company has no other outstanding options, warrants, derivatives or conversion rights affecting the Shares as at the Latest Practicable Date.

Further terms of the Option Offer are set out in the **PINK** Form of Acceptance which has been separately despatched to Optionholders. If an Optionholder wishes to accept the Option Offer in respect of one or all of his/her Outstanding Option(s), he/she should complete the **PINK** Form of Acceptance.

If an Optionholder accepts the Option Offer, he/she will be deemed, by signing the **PINK** Form of Acceptance, to have irrevocably undertaken not to exercise the Outstanding Options in respect of which he/she has accepted the Option Offer.

In the event that any of the Outstanding Options are exercised before the close of the Offers in accordance with the provisions of the Share Option Scheme, any Shares issued as a result of such exercise of such Outstanding Options will be subject to and eligible to participate in the Share Offer.

The omission to despatch the Composite Document or the **PINK** Form of Acceptance containing the terms of the Option Offer to any person to whom the Option Offer may be made will not invalidate the Option Offer in any respect. The Option Offer and all acceptances will be governed by, and construed in accordance with, the laws of Hong Kong and the Code.

FINANCIAL RESOURCES FOR THE OFFERS

Based on the total number of 853,800,000 Shares in issue as at the Latest Practicable Date, the 90,000 Shares to be issued by the Company in relation to the Exercised Options after the Latest Practicable Date and the Convertible Bond, the Share Offer values the Company at approximately HK$1,059,288,490 (before taking into account the consideration to be paid in respect of the Outstanding Options). The Share Offer is being made in respect of the remaining 227,250,000 Shares in issue as at the Latest Practicable Date and 90,000 Shares to be issued by the Company in relation to the Exercised Options after the Latest Practicable Date which are not already owned or agreed to be acquired by the Offeror or parties acting in concert with it. At the Offer Price, the aggregate amount of consideration payable by the Offeror to Accepting Shareholders, assuming all such remaining 227,250,000 Shares in issue and 90,000 Shares to be issued by the Company are tendered to the Share Offer, would be approximately HK$259,394,940. Assuming all the Optionholders accept the Option Offer for all of their Share Options (on the basis of 28,828,000 Outstanding Options immediately after the Latest Practicable Date), the aggregate amount of consideration payable by the Offeror to Optionholders would be approximately HK$15,700,888.

CLSA ECM is satisfied that sufficient resources are available to the Offeror to satisfy full acceptance of the Offers. The Offeror intends to finance the Offers from internal resources available to the Offeror.

INFORMATION ON THE OFFEROR

The Offeror is an indirect wholly owned subsidiary of JCDecaux SA, a company incorporated in France. JCDecaux SA is listed on Euronext Paris and is part of the Euronext 100 index. JCDecaux Holding is a private company and it owns an approximate 69.83% interest in JCDecaux SA.

In terms of turnover generated from the outdoor advertising market, JCDecaux SA is the number one outdoor advertising group in Europe and the number two outdoor advertising group globally. With approximately 7,500 employees, JCDecaux SA and its group companies operate in approximately 3,500 cities of more than 10,000 inhabitants in 45 countries worldwide. In 2004, JCDecaux SA generated consolidated revenue of approximately 1,631.4 million Euros (approximately HK$15,522.3 million) (6% of which was generated in Asia) and a consolidated net income of approximately 88.8 million Euros (approximately HK$844.9 million).

The Offeror is one of the leading companies specialising in outdoor advertising in Hong Kong. It has been operating the Hong Kong MTR metro advertising concession for more than 20 years and operates the exclusive advertising concession at Hong Kong International Airport.

INFORMATION ON THE GROUP

The Group is principally engaged in the management and operation of a prominent network of outdoor advertising media in Mainland China and Hong Kong. Based on the Group's published and unaudited results for the six months ended 30 June 2005, the Group's turnover amounted to HK$178.8 million and the Group's net profit attributable to equity holders of the Company amounted to HK$10.4 million. The Group's unaudited net asset value (excluding minority interests) amounted to HK$461.5 million at 30 June 2005.

THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The Offeror anticipates high future growth in the outdoor advertising market in the PRC which is expected to be characterised by further industry consolidation. Through the combined resources of the Offeror and the Group, the Offeror estimates that its market share of outdoor advertising revenue in China is approximately 11 per cent, making it the largest operator of outdoor advertising media in China. It is the intention of the Offeror to further grow its presence in the outdoor advertising market in the PRC. The Offeror has stated that, upon completion of the Offers, the Company will continue to carry on its existing business in the PRC and Hong Kong. The Offeror intends to conduct a review of the Group's operations with a view to improving the performance and profitability of its existing outdoor advertising concessions, where possible. Together, the Offeror and the Group operate metro advertising contracts in the key cities of Hong Kong, Beijing, Shanghai, Nanjing and Guangzhou in addition to bus advertising contracts which in total comprise more than 33,000 buses. The Offeror will seek opportunities to further expand the combined businesses of the Offeror and the Group, for instance through the acquisition of additional outdoor advertising display networks in China, where available. In addition, opportunities for cooperation exist between the Group's operations in the PRC and the Offeror's current operations in Hong Kong, Macau and the PRC. It is the Offeror's intention to explore these areas of cooperation and specifically in relation to the establishment of a nationwide sales platform to facilitate cross-selling. The Offeror does not intend to introduce any major changes to the business, including any redeployment of the assets of the Group or to make any material changes to the continued employment of the employees of the Group following the closing of the Offers. The Offeror does not have any current plans or intentions to inject assets into the Company.

BOARD COMPOSITION OF THE COMPANY

Pursuant to the terms of the Agreement, the Vendor shall procure that the existing Directors will resign as Directors (unless otherwise agreed between the Offeror and the individual Director in question) with effect from the earliest time permitted under the Code. It is expected that such persons as may be nominated by the Offeror will be appointed to the Board immediately after the posting of this Composite Document. An announcement will be made by the Company in relation to the appointments, the terms of the service contracts and the basis for determination of Directors' emoluments, if any, in accordance with the GEM Listing Rules.

Set out below are the biographies of Mr. Jean-Charles Decaux, Ms. Isabelle Claude Michele Vitry Schlumberger, Mr. Jean-Michel Geffroy, Mr. David Bourg, Mr. Brian Kam Wai Sum and Mr. Stephen Hon Chiu Wong, the proposed Directors to be nominated by the Offeror.

Jean-Charles Decaux, aged 36, will be proposed to be a non-executive Director. Mr. Decaux is co-Chief Executive Officer of the JCDecaux group. He joined JCDecaux SA in 1989 and moved to Spain to set up and develop the Spanish subsidiary. He then developed subsidiaries in Southern Europe, Asia and South America, primarily through organic growth. He has also served as Chairman and Chief Executive of Avenir since June 1999.

Isabelle Claude Michele Vitry Schlumberger, aged 43, will be proposed to be a non-executive Director. Ms. Schlumberger, a graduate of the Institut d'Etudes Politiques de Paris and of the Paris Dauphine University, joined the Finance Department of the Havas Group in 1984 where she was responsible for investor relations after two years in the Audit Department. She joined the Avenir Havas Media Group in 1990 as Deputy Finance Director. In 1994, she was appointed Finance and Administrative Director for the English and Irish subsidiaries, Sky Sites, Mills & Allen, and David Allen in London. In October 1998, she became Chief Operating Officer for Sky Sites London, the subsidiary in charge of the transport activities for the Group in Great Britain. In June 2000, following the merger with Avenir (June 1999), she was appointed Chief Executive Officer of JCDecaux Airport in Paris, in charge of the Airport Activity in France, its worldwide coordination and the development of the Transport activity of the group in the Southern part of the world. Since June 2003, she is also the Chief Executive Officer of JCDecaux Artvertising, offering premium communication means like neonlights and giant wraps.

Jean-Michel Geffroy, aged 45, will be proposed to be a non-executive Director. Mr. Geffroy, a graduate of ESSEC Business school in Paris with a Engineering Master degree from ENSAM in Paris, joined the JCDecaux group in 1997 as Regional City Relations

Management before moving in 1998 to start-up the JCDecaux group development in Asia. In June 1999, following the merger with Asian operations of Avenir, namely Pearl & Dean companies, he was appointed Chief Executive Officer of JCDecaux Asia, to coordinate the JCDecaux group expansion throughout the region. Before joining the JCDecaux group, Mr. Geffroy held for 8 years various Business Development and Management positions at French subsidiaries of the Photo Me Group in the United Kingdom.

David Bourg, aged 35, will be proposed to be a non-executive Director. Mr. Bourg is a graduate of the Institut d'Etudes Politiques de Paris and obtained a master's degree and postgraduate diploma in economics (DEA) from the University of Paris Dauphine. He first joined the JCDecaux group in June 2001 as a development officer whose principal responsibilities lay with merger & acquisition projects. Mr. Bourg is now the Regional Finance Director for Asia of JCDecaux SA. Before joining JCDecaux SA, Mr. Bourg held various positions of responsibility in Deloitte & Touche, including audit supervisor in Buenos Aires and audit manager in Paris.

Brian Kam Wai Sum, aged 43, will be proposed to be the Chairman and an executive Director. Mr. Kam was previously the head of the PRC Division of Dun & Bradstreet Technology and Memorex Telex China prior to joining the Company in March 1997 as Senior Vice President of Corporate Development. He was promoted to the Chief Executive Officer MediaNation Inc. Between July 2000 and December 2002 and has been the Chairman of MediaNation Inc. since April 2005. He has over 15 years of experience in business development in the PRC, particularly in the field of information technology and telecommunications. Mr. Kam is a graduate of the Chinese University of Hong Kong.

Stephen Hon Chiu Wong, aged 49, will be proposed to be the Chief Executive Officer and an executive Director. Mr. Wong holds a bachelor's degree in economics from Sydney University and a master's degree in commerce from the University of New South Wales of Australia. He is an Australian chartered accountant and a Fellow of Hong Kong Institute of Certified Public Accountants. He has 13 years of senior media management experience in Hong Kong, including the last 7 years at the Offeror where he has been appointed as Managing Director since 2003. Before joining the media industry, he had over 10 years of experience in merchant banking in Australia. He has also been the Chief Executive Officer of MediaNation Inc. since April 2005.

Mr. Jean-Michel Geffroy, Mr. David Bourg and Mr. Stephen Hon Chiu Wong are directors of the Offeror, and the other three persons nominated by the Offeror as Directors are officers and/or employees of the group companies of the Offeror and/or its parent company. All of the above proposed Directors are also directors of MediaNation Inc., a company formerly listed on the Growth Enterprise Market of the Stock Exchange and a subsidiary of the Offeror. Save as disclosed above, none of the above proposed Directors has any relationship with any existing directors or senior management or management shareholders or substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, none of the above proposed Directors had any discloseable interest in Shares within the meaning of Part XV of the SFO. None of the above proposed Directors is proposed to be appointed with a fixed term of service with the Company and each of them will be subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

COMPULSORY ACQUISITION AND SUSPENSION OF DEALINGS

Under section 86 of the Companies Law (2004 Revision) of the Cayman Islands where a general offer has been accepted by the holders of not less than 90% in value of the shares affected by the general offer, the offeror may at any time within the period of 2 months after the expiration of a period of 4 months after the date such general offer was made, give notice (a compulsory acquisition notice) to the shareholders who did not accept the offer (dissenting shareholders).

Where a compulsory acquisition notice is given, the offeror is entitled and bound to acquire the shares of the dissenting shareholders on the same terms as the general offer unless an application is made to the Grand Court of the Cayman Islands within one month of the date on which the compulsory acquisition notice is given and the Grand Court of the Cayman Islands thinks fit to order otherwise.

Where no order has been made, the offeror must, within one month of the compulsory acquisition notice or, if an application is made to the Grand Court of the Cayman Islands, after that application has been disposed of, send a copy of the compulsory acquisition notice to the company and pay the consideration. The company is then required to register the offeror as the holder of the shares.

If the Offeror receives valid acceptances of the Share Offer for not less than 90% in value of the Offer Shares (i.e., not less than 204,606,000 Shares on the basis that there are 227,340,000 Shares affected by the Share Offer), the Offeror intends to exercise any rights it may have under the provisions of the Companies Law (2004 Revision) of the Cayman Islands to acquire compulsorily any outstanding Shares and to apply for a withdrawal of listing of the Shares from GEM. The number of Offer Shares would not be affected by the exercise by the Offeror of conversion rights under the Convertible Bond. Under Rule 2.11 of the Code, to exercise such powers of Compulsory Acquisition, the Offeror is required to receive valid acceptances of 90% of the disinterested Shares during the period of 4 months after posting this Composite Document. In such case, dealings in securities of the Company will be suspended from the closing of the Offers up to the withdrawal of the listing of the Company's securities from GEM pursuant to Rule 9.23 of the GEM Listing Rules. Pursuant to Rule 15.6 of the Code, the Offers may not remain open for acceptance for more than 4 months from the posting of this Composite Document, unless the Offeror has by that time become entitled to exercise such powers of Compulsory Acquisition, in which event the Offeror must do so without delay.

The Stock Exchange has stated that, if at the close of the Offers, the Offeror is not entitled to exercise such powers of Compulsory Acquisition, and less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The Stock Exchange will also closely monitor all acquisitions or disposals of assets by the Company. The Stock Exchange has also stated that if the Company remains a public company listed on GEM, any future acquisitions or disposals of assets by the Company will be subject to the provisions of the GEM Listing Rules. Pursuant to the GEM Listing Rules, the Stock Exchange has the discretion to require the Company to issue a circular to the Shareholders, where an acquisition or disposal by the Company is proposed irrespective of the size of such proposed acquisition or disposal and in particular where such proposed acquisition or disposal represents a departure from the principal activities of the Company. The Stock Exchange also has the power, pursuant to the GEM Listing Rules in certain circumstances, to aggregate a series of acquisitions or disposals by the Company and any such acquisitions or disposals, may, in any event, result in the Company being treated as a new listing applicant for listing and subject to the requirements for new applicants as set out in the GEM Listing Rules.

PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

Procedures for acceptance of the Offers

The Share Offer

To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms of the Share Offer.

The completed **WHITE** Form of Acceptance should then be forwarded, together with the relevant Share(s) certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand to the Registrar marked "Media Partners Share Offer" on the envelope, at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as practicable **and in any event, so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Monday, 21 November 2005** (or such later time and date as the Offeror may determine and announce in accordance with the Code). No acknowledgement of receipt of any **WHITE** Form(s) of Acceptance, Share(s) certificate(s), transfer receipt(s) or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

The Option Offer

To accept the Option Offer, you should complete and sign the **PINK** Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms of the Option Offer. The **PINK** Form of Acceptance has been separately despatched to each Optionholder and is also obtainable from the Company at 22/F., Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong.

The completed **PINK** Form of Acceptance should then be forwarded, together with the relevant Share Option(s) certificate(s) (if any) for not less than the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand to the company secretary of the Company marked "Media Partners Option Offer" on the envelope, at 22/F., Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong, as soon as practicable **and in any event, so as to reach the Company by no later than 4:00 p.m. (Hong Kong time) on Monday, 21 November 2005** (or such later time and date as the Offeror may determine and announce in accordance with the Code). No acknowledgement of receipt of any **PINK** Form(s) of Acceptance or Share Option(s) certificate(s) will be given.

Your attention is also drawn to the section headed "Terms of the Offers" as set out in Appendix I to this Composite Document and the Forms of Acceptance.

Settlement of the Offers

Provided that a valid Form of Acceptance and the relevant documents required to render the relevant acceptances under the Offers are complete and in good order and have been received by the Registrar (in the case of the Share Offer) or the Company (in the case of the Option Offer) by no later than the latest time for acceptance, a cheque for the amount due to the relevant Accepting Shareholder or Optionholder (as the case may be), less seller's ad valorem stamp duty (if any) payable by the relevant Accepting Shareholder and the amount of any dividend due to be paid to any such Accepting Shareholder (if any), will be despatched to the relevant Accepting Shareholder or Optionholder (as the case may be) by ordinary post at his/her own risk as soon as possible but in any event within 10 days after the date on which such documents are received by the Registrar or the Company (as the case may be). The Offeror will then pay stamp duty to the Hong Kong Stamp Office.

In order for the beneficial owners of Shares, whose investments are registered in nominee names, to accept the Share Offer, it is essential that they provide instructions to their nominee agents of their intentions with regards to the Share Offer. To ensure equality of treatment of all Shareholders, those registered Shareholders who hold Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately.

The attention of Shareholders and Optionholders with registered addresses outside Hong Kong is drawn to the section headed "Overseas holders of Offer Shares and Share Options" of Appendix I to this Composite Document.

FURTHER TERMS OF THE OFFERS

Further terms

Further terms and conditions of the Offers (including the further procedures for acceptance, the acceptance period, revisions of the Offers and the stamp duty payable by Accepting Shareholders) are set out in Appendix I to this Composite Document and the Forms of Acceptance.

Shares

Shares will be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid after the date of the Announcement.

Stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer at the rate of HK$1.00 for every HK$1,000 (or part thereof) of the consideration payable, in respect of the relevant acceptance by the Accepting Shareholders, or the market value of the Shares, whichever is the greater, will be deducted from the consideration due to such person on acceptance of the Share Offer. The Offeror will arrange for payment of the stamp duty in connection with such sale.

Taxation and independent advice

You are recommended to consult your own professional adviser if you are in any doubt as to the taxation implications of accepting or rejecting the Offers. It is emphasised that none of the Offeror, JCDecaux SA, CLSA Limited or CLSA ECM or any of their respective directors or affiliates or any other person involved in the Offers accepts responsibility for any tax or other effects on, or liabilities of, any person or persons as a result of their acceptance or rejection of the Offers.

GENERAL

As far as CLSA ECM is aware, while it is indicated in the letter from the Board contained in this Composite Document that it is the intention of the Directors who hold Shares and/or Outstanding Options as at the Latest Practicable Date to accept the Offers, as at the Latest Practicable Date, no person has irrevocably committed himself to accept or reject the Offers.

RECOMMENDATION

Please refer to the letter from the Independent Board Committee and the letter from Somerley, the independent financial adviser to the Independent Board Committee, both of which are contained in this Composite Document, in relation to their recommendation regarding the Offers.

Yours faithfully,
for and on behalf of
CLSA Equity Capital Markets Limited
Tim Ferdinand
Managing Director

Media Partners International Holdings Inc.

(incorporated in the Cayman Islands with limited liability)
(stock code: 8072)

Executive Directors:	*Registered office:*
Mr. George Ka Ki Chang	Century Yard
Ms. Winnie Pik Shan To	Cricket Square
Mr. Tony Cheung Kin Au-Yeung	Hutchins Drive
	P.O. Box 2681 GT
Non-executive Director:	George Town
Mr. Gerald Lokchung Chan	Grand Cayman
	British West Indies
Independent non-executive Directors:	
Mr. Philip Tit Hon Hung	*Principal place of business:*
Mr. Meocre Kwok Wing Li	Rooms 1506-1510
Mr. Paul Laurence Saffo	15th Floor
Mr. Francis Wen-hou Chen	Hang Lung Centre
	2-20 Paterson Street
	Causeway Bay
	Hong Kong

31 October 2005

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CLSA LIMITED
FOR AND ON BEHALF OF
JCDECAUX PEARL & DEAN LTD
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY THE OFFEROR OR PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF ALL OUTSTANDING OPTIONS OF
MEDIA PARTNERS INTERNATIONAL HOLDINGS INC.**

INTRODUCTION

On 20 September, 2005, the Offeror and the Company jointly announced that a mandatory cash offer might be made by CLSA Limited on behalf of the Offeror to acquire all the issued Shares of the Company other than the Sale Shares agreed to be acquired by the Offeror from the Vendor as referred to in the Agreement. Completion of the Agreement was subject to the fulfillment or waiver of a condition precedent that the results of the

Offeror's legal, business and financial due diligence review of the Group were satisfactory in all respects. The condition precedent was fulfilled on 24 October 2005 and Completion took place on 26 October 2005. The Offeror and persons acting in concert with it were interested in 626,550,000 Shares, representing approximately 73.38% of the issued share capital of the Company immediately after Completion. Under Rule 26.1 of the Code, the Offeror is therefore required to make an unconditional mandatory cash offer for all the Offer Shares and all the outstanding Share Options.

Mr. Francis Wen-hou Chen, Mr. Philip Tit Hon Hung, Mr. Meocre Kwok Wing Li and Mr. Paul Laurence Saffo, all of whom are independent non-executive Directors, have been appointed as members of the Independent Board Committee for consideration of and making of recommendations in respect of the terms of the Offers to the Independent Shareholders and the Optionholders. Mr. Gerald Lokchung Chan, a non-executive Director, is not on the Independent Board Committee in view of the fact that the Vendor is wholly owned by Verrall Limited which is the trustee of a discretionary trust established by his mother Madam Chan Tan Ching Fen for the benefit of her family and charitable objects. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee on the reasonableness and the fairness of the terms of the Offers. The appointment of Somerley as the independent financial adviser has been approved by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, among other matters, information relating to the Group, the Offeror and the Offers as well as setting out the letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders and the Optionholders in respect of the Offers and the letter from Somerley containing its advice to the Independent Board Committee in respect of the Offers.

THE SHARE OFFER

CLSA Limited, on behalf of the Offeror, unconditionally offers to acquire, on the terms and subject to the conditions set out in this Composite Document and in the accompanying **WHITE** Form of Acceptance, all of the Shares not already owned or agreed to be owned by the Offeror, on the following basis:

For each Offer Share . . . . HK$1.141 in cash

The Offer Price is the same as the price paid by the Offeror for each Sale Share under the Agreement.

The Offer Price represents:

(a) a premium of approximately 37.5% over the closing price of the Shares as quoted on the Stock Exchange of HK$0.83 per Share, being the last price at which Shares traded immediately prior to the suspension of trading at 10:27 a.m. on 15 September 2005;

(b) a premium of approximately 32.7% over the closing price of the Shares as quoted on the Stock Exchange of HK$0.86 per Share, being the last price traded on 14 September 2005, being the last full trading day prior to the suspension in trading at 10:27 a.m. on 15 September 2005;

(c) a premium of approximately 58.0% over the average closing price of the Shares as quoted on the Stock Exchange of HK$0.722 per Share for the 5 trading days immediately prior to and including 14 September 2005, being the last full trading day immediately prior to the suspension in trading at 10:27 a.m. on 15 September 2005;

(d) a premium of approximately 84.5% over the average closing price of the Shares as quoted on the Stock Exchange of HK$0.619 per Share for the 20 trading days immediately prior to and including 14 September 2005, being the last full trading day immediately prior to the suspension in trading at 10:27 a.m. on 15 September 2005;

(e) a premium of approximately 111.1% over the net asset value (excluding minority interests) per share of the Company as at 30 June 2005; and

(f) a premium of approximately 1.0% over the closing price of HK$1.13 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

During the six-month period preceding the date of the Announcement, the highest closing price of the Shares as quoted on the Stock Exchange was HK$0.83 per Share on 12 September 2005, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.48 per Share on 14 March 2005.

Further terms of the Share Offer are set out in the accompanying **WHITE** Form of Acceptance. If a Shareholder wishes to accept the Share Offer in respect of one or all of his/her Share(s), he/she should complete the accompanying **WHITE** Form of Acceptance in accordance with the instructions enclosed therein.

THE OPTION OFFER

As at the Latest Practicable Date, the Company had in aggregate 29,008,000 Outstanding Options, entitling Optionholders to subscribe for an aggregate of 29,008,000 Shares at an exercise price of between HK$0.55 to HK$0.62 per Share. On 27 October 2005, the Company received notice from an Optionholder to exercise Share Options which would result in the allotment and issue of 90,000 Shares at HK$0.62 per Share after the Latest Practicable Date. These Share Options were granted on 14 August 2002 and, in connection with the same Optionholder, an aggregate of 180,000 Outstanding Options will lapse under the terms of the Share Option Scheme after the Latest Practicable Date. Taking the aforesaid into account, the Company will, immediately after the Latest Practicable Date, have, in aggregate, 28,828,000 Outstanding Options, entitling Optionholders to subscribe for an aggregate of 28,828,000 Shares at an exercise price of between HK$0.55 to HK$0.62 per Share.

Details of the Option Offer to the Optionholders for tendering their Share Options for cancellation are set out below:

For cancellation of each Share Option with a right to subscribe for one Share at an exercise price of HK$0.55	HK$0.591 in cash
For cancellation of each Share Option with a right to subscribe for one Share at an exercise price of HK$0.59	HK$0.551 in cash
For cancellation of each Share Option with a right to subscribe for one Share at an exercise price of HK$0.62	HK$0.521 in cash

The offer prices for such Outstanding Options represent the Offer Price less the amount payable by such Optionholders if they had chosen to exercise the relevant Outstanding Options to subscribe for each Share.

By accepting the Option Offer, Optionholders will renounce and agree to the cancellation of relevant Outstanding Options. Optionholders will renounce all rights under those Outstanding Options which rights shall thereupon lapse and be fully discharged and have no further effect.

Save as described above in relation to Outstanding Options, the 90,000 Shares which fall to be issued pursuant to the Exercised Options and the Convertible Bond, the Company has no other outstanding options, warrants, derivatives or conversion rights affecting the Shares as at the Latest Practicable Date.

Further terms of the Option Offer are set out in the **PINK** Form of Acceptance which have been separately despatched to Optionholders. If an Optionholder wishes to accept the Option Offer in respect of one or all of his/her Share Option(s), he/she should complete the **PINK** Form of Acceptance

If an Optionholder accepts the Option Offer, he/she will be deemed, by signing the **PINK** Form of Acceptance, to have irrevocably undertaken not to exercise the Outstanding Options in respect of which he/she has accepted the Option Offer.

In the event that any of the outstanding Share Options are exercised before the close of the Offers in accordance with the provisions of the Share Option Scheme, any Shares issued as a result of such exercise of such outstanding Share Options will be subject to and eligible to participate in the Share Offer.

The omission to despatch the Composite Document, or the **PINK** Form of Acceptance containing the terms of the Option Offer to any person to whom the Option Offer may be made will not invalidate the Option Offer in any respect. The Option Offer and all acceptances will be governed by, and construed in accordance with, the laws of Hong Kong and the Code.

UNCONDITIONAL OFFERS

The Offers are unconditional as to the level of acceptances given that the Offeror and parties acting in concert with it are beneficially interested in 626,550,000 Shares, representing approximately 73.38% of the issued share capital of the Company immediately after completion of the Agreement.

It is the intention of the Directors who hold Shares and/or Outstanding Options as at the Latest Practicable Date to accept the Offers.

STAMP DUTY

Hong Kong stamp duty arising in connection with acceptance of the Share Offer amounting to HK$1.00 for every HK$1,000 or part thereof of the amount payable by the Offeror in respect of relevant acceptances by Shareholders, or the market value of the Shares (at the discretion of the collector of stamp duty), will be deducted from the amount payable to Shareholders who accept the Share Offer. The Offeror will arrange for payment of the stamp duty in connection with such sale.

THE LATEST TIME FOR ACCEPTANCE

The latest time for acceptance of the Offers is 4:00 p.m. (Hong Kong time) on Monday, 21 November 2005 (or such later time and as the Offeror may determine and announce in accordance with the Code).

FURTHER INFORMATION

Please refer to the Letter from CLSA ECM and Appendix I to this Composite Document for information in relation to the Offers, the making of the Offers to Shareholders and Optionholders residing in overseas countries, taxation, acceptance and settlement procedures of the Offers.

INFORMATION ON THE GROUP

The Group is principally engaged in the management and operation of a prominent network of outdoor advertising media in Mainland China and Hong Kong. Based on the Group's published and unaudited results for the six months ended 30 June 2005, the Group's turnover amounted to HK$178.8 million and the Group's net profit attributable to equity holders of the Company amounted to HK$10.4 million. The Group's unaudited net asset value (excluding minority interests) amounted to HK$461.5 million as at 30 June 2005.

INFORMATION ON THE OFFEROR

The Offeror is an indirect wholly owned subsidiary of JCDecaux SA, a company incorporated in France. JCDecaux SA is listed on Euronext Paris and is part of the Euronext 100 index. Please refer to the section headed "Information on the Offeror" in the Letter from CLSA ECM for more information about the Offeror.

THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY

Based on the information provided in the sections headed "Information on the Offeror" and "The Offeror's Intentions in relation to the Company" in the Letter from CLSA ECM, the Directors are of the view that successful implementation of the actions to be undertaken by the Offeror would be beneficial to the long term business development of the Company.

BOARD COMPOSITION OF THE COMPANY

Pursuant to the terms of the Agreement, the Vendor shall procure that the existing Directors resign as Directors (unless otherwise agreed between the Offeror and the individual Director in question) with effect from the later of Completion or the earliest time permitted under the Code or by the SFC. It is expected that such persons as may be nominated by the Offeror will be appointed as directors to the Board immediately after the posting of this Composite Document.

Please refer to the section headed "Board Composition of the Company" in the Letter from CLSA ECM for information on the proposed Directors to be nominated by the Offeror.

WITHDRAWAL OF LISTING OF SECURITIES OF THE COMPANY

Under section 86 of the Companies Law (2004 Revision) of the Cayman Islands where a general offer has been accepted by the holders of not less than 90% in value of the shares affected by the general offer, the offeror may at any time within the period of 2 months after the expiration of a period of 4 months after the date such general offer was made, give notice (a compulsory acquisition notice) to the shareholders who did not accept the offer (dissenting shareholders).

Where a compulsory acquisition notice is given, the offeror is entitled and bound to acquire the shares of the dissenting shareholders on the same terms as the general offer unless an application is made to the Grand Court of the Cayman Islands within one month of the date on which the compulsory acquisition notice is given and the Grand Court of the Cayman Islands thinks fit to order otherwise.

Where no order has been made, the offeror must, within one month of the compulsory acquisition notice or, if an application is made to the Grand Court of the Cayman Islands, after that application has been disposed of, send a copy of the compulsory acquisition notice to the company and pay the consideration. The company is then required to register the offeror as the holder of the shares.

If the Offeror receives valid acceptances of the Share Offer for not less than 90% in value of the Offer Shares **(i.e., not less than 204,606,000 Shares on the basis that there are 227,340,000 Shares affected by the Share Offer)**, the Offeror intends to exercise any rights it may have under the provisions of the Companies Law (2004 Revision) of the Cayman Islands to acquire compulsorily any outstanding Shares and to apply for a withdrawal of listing of the Shares from GEM. The number of Offer Shares would not be affected by the exercise by the Offeror of conversion rights under the Convertible Bond. Under Rule 2.11 of the Code, to exercise such rights, the Offeror is required to receive valid acceptances of 90% of the disinterested shares during the period of 4 months after posting this Composite Document. Please refer to the section headed "Compulsory Acquisition and Suspension of Dealings" in the Letter from CLSA ECM for more information about the intention of the Offeror. **Pursuant to Rule 15.6 of the Code, the Offers may not remain open for acceptance for more than 4 months from the posting of this Composite Document, unless the Offeror has by that time become entitled to exercise such powers of Compulsory Acquisition, in which event the Offeror must do so without delay.**

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out in this Composite Document which contains its recommendation to the Independent Shareholders and the Optionholders in respect of the Offers and the letter from Somerley which contains its advice to the Independent Board Committee in respect of the fairness and reasonableness of the Offers, and the principal factors and reasons it has considered before arriving at its advice to the Independent Board Committee. You are also advised to read the Composite Document and the Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers.

Yours faithfully,
for and on behalf of the Board
George Ka Ki Chang
Executive Director

Media Partners International Holdings Inc.

(incorporated in the Cayman Islands with limited liability)
(stock code: 8072)

Executive Directors:
Mr. George Ka Ki Chang
Ms. Winnie Pik Shan To
Mr. Tony Cheung Kin Au-Yeung

Non-executive Director:
Mr. Gerald Lokchung Chan

Independent non-executive Directors:
Mr. Philip Tit Hon Hung
Mr. Meocre Kwok Wing Li
Mr. Paul Laurence Saffo
Mr. Francis Wen-hou Chen

Registered office:
Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Principal place of business:
Rooms 1506-1510
15th Floor
Hang Lung Centre
2-20 Paterson Street
Causeway Bay
Hong Kong

31 October 2005

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CLSA LIMITED
FOR AND ON BEHALF OF
JCDECAUX PEARL & DEAN LTD
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY THE OFFEROR OR PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF ALL OUTSTANDING OPTIONS OF
MEDIA PARTNERS INTERNATIONAL HOLDINGS INC.**

We refer to the composite offer and response document, for and on behalf of the Offeror and the Company to the Shareholders and Optionholders dated 31 October 2005 (the "Composite Document") of which this letter forms part. Terms defined in the Composite Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offers and to make recommendations to the Independent Shareholders and Optionholders in connection with the Offers.

We have considered whether the Offers are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned. Somerley has been appointed as the independent financial adviser to advise us in respect of the above.

We wish to draw your attention to the letter from the Board, the Letter from CLSA ECM and the letter from Somerley as set out in the Composite Document.

Having considered the principal factors and reasons considered by, and the advice of, Somerley as set out in its letter of advice, we consider that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned. Accordingly, we recommend the Independent Shareholders and Optionholders to accept the Offers.

Yours faithfully,
The Independent Board Committee of
MEDIA PARTNERS INTERNATIONAL INC.
Francis Wen-hou Chen, Philip Tit Hon Hung,
Meocre Kwok Wing Li and Paul Laurence Saffo
Independent non-executive Directors

The following is the text of a letter of advice from Somerley, the independent financial adviser to the Independent Board Committee, which has been prepared for the purpose of incorporation into this document, setting out its advice to the Independent Board Committee in connection with the Offers.

SOMERLEY LIMITED
Suite 2201, 22nd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

31 October 2005

The Independent Board Committee
Media Partners International Holdings Inc.
Rooms 1506-1510
15th Floor, Hang Lung Centre
2-20 Paterson Street
Causeway Bay
Hong Kong

Dear Sirs,

MANDATORY UNCONDITIONAL CASH OFFERS TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR OR PARTIES ACTING IN CONCERT WITH IT) AND FOR THE CANCELLATION OF ALL OUTSTANDING OPTIONS OF MEDIA PARTNERS INTERNATIONAL HOLDINGS INC.

We refer to our engagement as independent financial adviser to advise the Independent Board Committee in connection with the Offers. Details of the Offers are contained in the composite offer document to the Independent Shareholders and the Optionholders dated 31 October 2005 (the "Composite Document"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document.

On 15 September 2005, the Offeror entered into the Agreement with the Vendor, pursuant to which the Offeror agreed to acquire from the Vendor (i) the Sale Shares comprising 626,550,000 Shares for an aggregate consideration of HK$714,893,550; and (ii) the Convertible Bond for a consideration of HK$85,000,000, subject to the Offeror being satisfied with the results of a legal, business and financial due diligence review of the Group. As at the Latest Practicable Date, the Company had in aggregate 29,008,000 Outstanding Options granted under the Share Option Scheme entitling the Optionholders to subscribe for an aggregate of 29,008,000 Shares at exercise prices ranging from HK$0.55 to HK$0.62 per Share. Following the lapse of 180,000 Outstanding Options on 29 October 2005, the Company will, immediately after the Latest Practicable Date, have an aggregate of 28,828,000 Outstanding Options entitling the Optionholders to subscribe for an aggregate of

28,828,000 Shares at the aforesaid exercise prices. The Agreement was completed on 26 October 2005. Upon Completion, the Offeror and parties acting in concert with it became interested in 626,550,000 Shares, representing approximately 73.38% of the issued share capital of the Company. Under Rule 26.1 of the Code, the Offeror is required to make the Share Offer to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it, and the Option Offer for all the Outstanding Options.

The Board currently consists of three executive Directors, one non-executive Director and four independent non-executive Directors. In accordance with Rule 2.8 of the Code, members of the Independent Board Committee should comprise all non-executive Directors who have no direct or indirect interest in the Offers. Mr. Gerald Lokchung Chan, a non-executive Director, is not considered independent in the context of the Offers in view of the fact that the Vendor is wholly owned by Verrall Limited which is the trustee of a discretionary trust established by his mother Madam Chan Tan Ching Fen for the benefit of her family and charitable objects. Consequently, the four independent non-executive Directors have been appointed to constitute the Independent Board Committee in respect of the Offers. Somerley has been appointed to advise the Independent Board Committee in writing in connection with the Offers and in particular as to whether the terms of the Offers are fair and reasonable and to give an opinion and recommendation as regards acceptance of the Offers.

Somerley is not associated with the Offeror or the Company or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, is considered eligible to give independent advice on the Offers. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Offeror or the Company or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion and advice, we have reviewed, among other materials, the audited consolidated financial statements of the Group for the three years ended 31 December 2004, the unaudited first quarter accounts of the Group for the three months ended 31 March 2005 and the unaudited interim accounts of the Group for the six months ended 30 June 2005. We have relied on the information and facts supplied, and the opinions expressed, by the Directors, which we have assumed to be true, accurate and complete. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them to us in connection with the Group and the Offers. We consider that the information which we have received is sufficient to enable us to reach our opinion and give the advice set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have also assumed that all representations contained or referred to in this Composite Document were true at the date of this Composite Document and will continue to be true during the period the Offers remain open for acceptance. However, we have not conducted any independent investigation into the businesses and affairs of the Group.

We have not considered the tax implications on the Independent Shareholders and the Optionholders of acceptance of the Offers since these depend on their individual circumstances. In particular, Independent Shareholders and Optionholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

TERMS OF THE OFFERS

The terms set out below are summarised from the letter from CLSA Equity Capital Markets Limited in this Composite Document, with some additional comments from ourselves. Independent Shareholders and Optionholders are encouraged to read the relevant letter in full.

1. The Share Offer

The Share Offer is being made for all the Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it on the following basis:

For each Offer Share . . . . HK$1.141 in cash

The Offer Shares will be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid after the date of the Announcement.

2. The Option Offer

(i) Outstanding Options

Set out below are the Outstanding Options granted by the Company under the Share Option Scheme as at the Latest Practicable Date and immediately thereafter:

Optionholders	Number of Share Options as at the Latest Practicable Date	Number of Share Options lapsed on 29 October 2005	Number of Share Options immediately after the Latest Practicble Date	Exercise period	Exercise price per Share
					HK$
a Director	8,538,000	–	8,538,000	14/8/2002 to 13/8/2012	0.62
Chief Executive Officer of the Group	5,000,000	–	5,000,000	13/6/2005 to 12/6/2015	0.55
other participants	4,270,000	(30,000)	4,240,000	14/8/2002 to 13/8/2012	0.62
other participants	11,200,000	(150,000)	11,050,000	25/5/2005 to 24/5/2015	0.59
	29,008,000	(180,000)	28,828,000		

Pursuant to the terms of the Share Option Scheme, in the event of a general offer being made to all the Shareholders and such offer becomes or is declared unconditional prior to the expiry date of the relevant Outstanding Options, the Optionholders are entitled to exercise the Outstanding Options in full at any time within one month after the date on which the offer becomes or is declared unconditional. Accordingly, the exercise period for the Outstanding Options is accelerated. The Outstanding Options will lapse automatically and not be exercisable on the expiry of the aforesaid one-month period. In the event that any of the Outstanding Options are exercised before the close of the Offers in accordance with the provisions of the Share Option Scheme, any Shares issued as a result thereof will be subject to the Share Offer.

(ii) Terms of the Option Offer

The Option Offer is being made to the Optionholders for the Outstanding Options they renounce and surrender for cancellation on the following basis:

For cancellation of each Share Option with a right to subscribe for one Share at an exercise price of HK$0.55 . . . . HK$0.591 in cash

For cancellation of each Share Option with a right to subscribe for one Share at an exercise price of HK$0.59 . . . HK$0.551 in cash

For cancellation of each Share Option with a right to subscribe for one Share at an exercise price of HK$0.62 . . . HK$0.521 in cash

Under Rule 13 of the Code, where an offer is made for shares, and options are also outstanding, the offeror must make an appropriate offer or proposal to the holders of the options to ensure that their interests are safeguarded. Equality of treatment is required. The formula set out above, which is the "see through" price, i.e., the Offer Price less the relevant exercise price in respect of the Outstanding Options, is the normal basis adopted.

By accepting the Option Offer, Optionholders will renounce and agree to the cancellation of relevant Outstanding Options. Optionholders will renounce all rights under those Outstanding Options which rights shall thereupon lapse and be fully discharged and be of no further effect.

3. Compulsory acquisition and withdrawal of the listing of the Company

If sufficient acceptances of the Share Offer are received, it is the intention of the Offeror to avail itself of the compulsory purchase provisions of the Companies Law (2004 Revision) of the Cayman Islands and apply for a withdrawal of listing of the Shares from GEM. These provisions would permit the Offeror to compulsorily acquire the balance of the Shares if acceptances are received under the Share Offer in respect of not less than 90% of the Offer Shares within four months after posting this Composite Document. In such event, dealings in securities of the Company will be suspended from the closing of the Offers up to the withdrawal of the listing of the Company's securities from GEM pursuant to Rule 9.23 of the GEM Listing Rules.

Shareholders should be aware that, if the number of Shares held by the public, as defined in the GEM Listing Rules, comprises less than 25% of the issued shares of the Company at the close of the Offers, trading in the Shares may be suspended. Shareholders should also note the possibility that the listing of the Shares may in due course be withdrawn from the Stock Exchange.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion with regard to the Offers, we have taken into consideration the following principal factors and reasons:

1. Business and prospects of the Group

The outdoor advertising business of the Group began in Hong Kong in 1990 and extended to the Mainland China in 1994. The Group has grown to become a leading outdoor advertising media network provider in Mainland China and Hong Kong, offering comprehensive services in a wide range of outdoor advertising media services, including billboards, street furniture and transport advertising. Its businesses focus on transport-related media, in particular, bus advertising and metro advertising. By securing long-term and exclusive advertising rights at prime locations in major cities in Mainland China and Hong Kong, the Group has positioned itself to provide one-stop outdoor advertising solutions to its clients. The Group's client base is well diversified covering industries including, among others, food and beverages, telecommunications, properties, banking and insurance.

Audited total revenue of the Group for the year ended 31 December 2004 was approximately HK$366.8 million, representing an increase of approximately 25.4% compared with the year ended 31 December 2003. The Group had also turned around in the financial year of 2004 and recorded an audited net profit attributable to equity holders of the Company of HK$20.2 million. According to the 2005 interim report of the Group, the Group recorded an unaudited total revenue of approximately HK$188.3 million and unaudited net profit of approximately HK$10.4 million for the six months ended 30 June 2005.

At present, over 80% of the Group's turnover is generated from its Mainland China operations. It is expected that Mainland China, being one of the largest advertising markets in Asia, will continue to be the focus of the Group. In anticipation of the upcoming 2008 Beijing Olympics Games, the 2010 Shanghai World Expo and the 2010 Asian Games in Guangzhou in the next few years, massive advertising and marketing campaigns are likely to be initiated by various corporations which represents good opportunities for the Group's future growth. Following China joining the World Trade Organisation, the Group has to face the challenge of relaxation of legal barriers which allow advertising companies with wholly foreign ownership to enter the Mainland China market by the end of 2005. With the increasing participation of foreign counterparts, competition is expected to intensify.

2. Past results of the Group

The following table summarises the audited consolidated results of the Group for each of the three years ended 31 December 2004 and the six months ended 30 June 2005 extracted from the 2003 and 2004 annual reports and 2005 interim report of the Group. Further details of the results and other financial information of the Group are set out in Appendix II to this Composite Document.

	For the six months ended 30 June		For the year ended 31 December		
	2005	**2004**	**2004**	**2003**	**2002**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total revenue					
– Mainland China	153,282	132,901	311,880	231,883	233,130
– Hong Kong	34,342	24,275	54,458	60,264	73,380
– Corporate/unallocated	647	151	473	338	1,599
	188,271	157,327	366,811	292,485	308,109
Segment results and profit/(loss) from operations					
– Mainland China	7,765	10,581	27,276	(793)	20,795
– Hong Kong	1,596	(657)	(694)	(8,251)	(37,449)
– Corporate/unallocated	(2,347)	(2,681)	(7,420)	(3,980)	(4,175)
	7,014	7,243	19,162	(13,024)	(20,829)
Finance costs	(6,214)	(7,594)	(15,719)	(13,774)	(11,293)
Share of profits less losses of an associate (in Hong Kong)	2,586	2,758	6,008	2,155	2,276
Share of profits less losses of jointly controlled entities (in the PRC)	20,016	15,129	29,408	20,080	15,847
Profit/(loss) from ordinary activities before taxation	23,402	17,536	38,859	(4,563)	(13,999)
Income tax	(10,389)	(9,446)	(15,658)	(14,424)	(12,564)
Profit/(loss) from ordinary activities after taxation	13,013	8,090	23,201	(18,987)	(26,563)
Minority interests	(2,634)	(1,400)	(2,966)	(2,787)	(3,378)
Profit/(loss) attributable to equity holders of the Company	10,379	6,690	20,235	(21,774)	(29,941)
Earnings/(loss) per share – Basic	1.22 cents	0.78 cents	2.40 cents	(2.6) cents	(3.6) cents

(i) Financial year 2003

(a) Mainland China operations

As a result of the outbreak of SARS in the first quarter of 2003, the revenue for the six months ended 30 June 2003 dropped by approximately 9.7% compared with the corresponding period in 2002. The Group suffered a loss from operations of approximately HK$7.8 million during the six months ended 30 June 2003 as compared to a profit from operations of approximately HK$15.1 million for the six months ended 30 June 2002. By realigning and restructuring its sale force and strengthening its sales force to focus on key clients, the Group managed to recover quickly and achieved growth of approximately 26.9% in revenue in the second half year of 2003 compared with that in the first half year of 2003. The results from operations for the second half of 2003 turned around to a profit of approximately HK$7.0 million. In overall terms, the Group still recorded a small loss from operations of approximately HK$0.8 million for the year ended 31 December 2003.

The jointly controlled entities of the Group were the joint ventures established by the Group with third parties in Guangzhou and Shanghai, the PRC. Contributions from these jointly controlled entities achieved an approximately 26.7% growth for the year ended 31 December 2003 compared to 2002 and amounted to approximately HK$20.1 million.

(b) Hong Kong operations

The total revenue of the Group's Hong Kong operations for the year ended 31 December 2003 amounted to approximately HK$60.3 million, representing a decrease of approximately 17.9% compared with the year 2002 which was mainly attributable to the outbreak of SARS in the first quarter of 2003 and a decreasing number of media spaces upon expiry of certain site rental contracts. Due to the Group's effort in the implementation of cost reduction measures and expiry of certain less-profitable site rental contracts, the operating loss for the year ended 31 December 2003 had shrunk by approximately 78.0% compared to 2002 and amounted to approximately HK$8.3 million.

The contribution from the Hong Kong associated company of the Group for the year ended 31 December 2003 remained at about the same level as that of 2002 and amounted to approximately HK$2.2 million.

(ii) Financial year 2004

(a) Mainland China operations

The total revenue of the Group's Mainland China operations for the year ended 31 December 2004 amounted to approximately HK$311.9 million, representing a significant growth of approximately 34.5% compared with year 2003. These operations had also turned around and recorded a segment profit of approximately HK$27.3 million for the year ended 31 December 2004. The significant improvement in year 2004 was mainly attributable to the continuous recovery of the consumer market and the growing demand for outdoor advertising in Mainland China.

The contribution from the PRC jointly controlled entities of the Group had achieved an approximately 46.5% growth for the year ended 31 December 2004 compared to year 2003 and amounted to approximately HK$29.4 million for the year ended 31 December 2004.

(b) Hong Kong operations

The total revenue of the Group's Hong Kong operations for the year ended 31 December 2004 amounted to approximately HK$54.5 million, representing a decrease of approximately 9.6% compared with year 2003 which was mainly attributable to the termination of certain less-profitable media sites. Due to the Group's continuous effort in the implementation of tight cost control measures, the operating loss for the year ended 31 December 2004 had shrunk over 90% compared to year 2003 and amounted to approximately HK$0.7 million.

The contribution from the Hong Kong associated company for the year ended 31 December 2004 was promising and increased by 178.8% to approximately HK$6.0 million.

(iii) Six months ended 30 June 2005

(a) Mainland China operations

The total revenue of the Group's Mainland China operations for the six months ended 30 June 2005 amounted to approximately HK$153.3 million, representing an increase of 15.3% compared with the corresponding period in 2004. However, the profit from these operations had decreased by 26.6% to HK$7.8 million for the six months ended 30 June 2005. The drop in profit principally reflected the full charge of rental for the exclusive advertising rights of bus media in Shanghai.

The contribution from the PRC jointly controlled entities of the Group had achieved a 32.3% growth in the six months ended 30 June 2005 compared to the corresponding period in 2004 and amounted to approximately HK$20.0 million.

(b) Hong Kong operations

The total revenue of the Group's Hong Kong operations for the six months ended 30 June 2005 amounted to approximately HK$34.3 million, representing an increase of 41.5% compared with the corresponding period in 2003 which was mainly attributable to the continued improvement of this operation, in particular, in respect of the media revenue generated from the Airport Express Line. As a result, the Group's Hong Kong operations had turned around to record a profit from operations of approximately HK$1.6 million.

The contribution from the Hong Kong associated company for the six months ended 30 June 2005 remained at about the same level as that of 2004 and amounted to approximately HK$2.6 million.

3. Background of the Offeror and its intention regarding the future of the Group

(i) Background of the Offeror

The Offeror is an indirect wholly owned subsidiary of JCDecaux SA, a company incorporated in France. JCDecaux SA is listed on Eurolist of Euronext Paris and is part of the Euronext 100 and FTSE4Good indexes. JCDecaux Holding is a private company and it owns an approximate 69.83% interest in JCDecaux SA.

In terms of turnover generated from the outdoor advertising market, JCDecaux SA is the number one outdoor advertising group in Europe and the number two outdoor advertising group globally. With approximately 7,500 employees, JCDecaux SA and its group companies operate in approximately 3,500 cities of more than 10,000 inhabitants in 45 countries worldwide. According to its annual report, JCDecaux SA generated a consolidated revenue of approximately 1,631.4 million Euros (approximately HK$15,522.3 million) (6% of which was generated in Asia Pacific) and a consolidated net income after minority interests of approximately 78.1 million Euros (approximately HK$743.1 million) for the year ended 31 December 2004. According to its latest interim report, JCDecaux SA recorded a consolidated revenue and a consolidated net income after minority interests of approximately 833.7 million Euros (approximately HK$7,932.4 million) and 83.3 million Euros (approximately HK$792.6 million) respectively for the six months ended 30 June 2005.

The Offeror is one of the leading companies specialising in outdoor advertising in Hong Kong. It has been operating the Hong Kong MTR metro advertising concession for more than 20 years and operates the exclusive advertising concession at Hong Kong International Airport. In January 2005, the Offeror formed a joint venture company with Airports of Shanghai in the PRC to manage the interior and exterior advertising space of two Shanghai airports, namely, Shanghai Hongqiao Airport and Pudong International Airport, for a term of 15 years. In April 2005, the Offeror acquired a 79.67% interest in MediaNation Inc. ("MediaNation"), a company principally engaged in outdoor advertising business in the PRC and previously listed on GEM (stock code: 8160). MediaNation was subsequently privatised by the Offeror in September 2005.

Further information of the Offeror is set out in the letter from CLSA Equity Capital Markets Limited contained in this Composite Document.

(ii) Business and operations

As stated in the letter from CLSA Equity Capital Markets Limited contained in this Composite Document, the Offeror currently intends that the Group will continue its existing businesses in the future. The Offeror anticipates high future growth in the outdoor advertising market in the PRC which is expected to be characterised by further industry consolidation. Through the combined resources of the Offeror and the Group, the Offeror estimates that its market share of outdoor advertising revenue in China is approximately 11%, making it the largest operator of outdoor advertising media in China. It is the intention of the Offeror to further grow its presence in the outdoor advertising market in the PRC. The Offeror intends to conduct a review of the Group's operations with a view to improving the performance and profitability of its existing outdoor advertising concessions, where possible. Together, the Offeror and the Group operate metro advertising contracts in the key cities of Hong Kong, Beijing, Shanghai, Nanjing and Guangzhou in addition to bus advertising contracts which in total comprise more than 33,000 buses. The Offeror will seek opportunities to expand the combined businesses of the Offeror and the Group, for instance through the acquisition of additional outdoor advertising display networks in China, where available. In addition, opportunities for cooperation exist between the Group's operations in the PRC and the Offeror's current operations in Hong Kong, Macau and the PRC. It is the Offeror's intention to explore these areas of cooperation and specifically in relation to the establishment of a nationwide sales platform to facilitate cross-selling. The Offeror does not intend to introduce any major changes to the business, including any redeployment of the assets of the Group or to make any material changes to the continued employment of the employees of the Group following the closing of the Offers. However, The Offeror does not have any current plans or intentions to inject assets into the Company.

Mainland China is unquestionably one of the fastest growing markets in the world. We consider the intention of the Offeror to grow its presence in the PRC through the combined effort with the Group makes it a commercially sensible business plan for the Offeror in light of the focus of the Group in the Mainland China and Hong Kong outdoor advertising media market. Nevertheless, we are at present not in a position to assess or quantify the benefits, if any, that may accrue to the Group from this business plan.

(iii) Management

Pursuant to the Agreement, the Vendor shall procure that all existing Directors will resign as Directors with effect from the earliest time permitted under the Code. It is expected that such persons as may be nominated by the Offeror will be appointed to the Board immediately after the posting of this Composite Document.

It is the intention of the Offeror that Mr. Brian Kam Wai Sum and Mr. Stephen Hon Chiu Wong will be appointed as executive Directors, and Mr. Jean-Charles Decaux, Ms. Isabelle Claude Michele Vitry Schlumberger, Mr. Jean-Michel Geffroy and

Mr. David Bourg will be appointed as non-executive Directors. The brief biographies of the proposed new Directors are set out in the letter from CLSA Equity Capital Markets Limited contained in this Composite Document.

4. Comparison of Offer Price

(i) Offer Price compared to earnings

Based on the net profit attributable to equity holders of the Company for the year ended 31 December 2004 of HK$20,235,000 and the weighted average of 853,800,000 Shares in issue during the year, the basic earnings per Share was 2.40 cents. On this basis, the Offer Price of HK$1.141 per Share represents a historical price-earnings ratio ("PER") of 47.54 times.

We have sought to compare the historical PER represented by the Offer Price against all the companies which (i) are currently listed on the Main Board of the Stock Exchange or GEM; and (ii) are engaged in businesses similar to those of the Group of outdoor advertising business in Hong Kong and Mainland China. For this purpose, we have identified three comparable companies (the "Comparable Companies") that meet the aforesaid selection criteria as described below:

Company	Market capitalisation as at the Latest Practicable Date *(Note 1)* *HK$ million*	Closing share price as at the Latest Practicable Date *(Note 1)* *HK$*	Audited basic earnings per share *(Note 2)* *HK$*	Historical PER *times*
Clear Media Limited (stock code: 100)	3,235.4	6.45	0.1896	34.02
Dahe Media Company Limited (stock code: 8243)	166.0	0.197	0.0192	10.26
Roadshow Holdings Limited (stock code: 888)	678.2	0.68	0.0202	33.66
Average				25.98
Median				33.66
The Company	974.2 *(Note 3)*	1.141 *(Note 4)*	0.0240	47.54

Notes:

1. Source: Bloomberg.

2. The figures are extracted from the latest published annual report of the respective companies. Figures in Renminbi (RMB) are translated into HK$ at the rate of RMB1.04 = HK$1.

3. Based on the Offer Price and the number of the issued Shares as at the Latest Practicable Date.

4. The Offer Price.

As shown in the above table, the historical PER represented by the Offer Price of approximately 47.54 times is considered to be more favourable than those of the Comparable Companies ranging from approximately 10.26 times to 34.02 times.

(ii) Dividend yield

The Company has not declared any dividends in the last three years. It is therefore impracticable for us to assess the Offer Price in terms of the dividend yield it represents.

(iii) Net asset value

The following table summarises the unaudited consolidated balance sheet of the Group as at 30 June 2005, which is set out in full in Appendix II to this Composite Document:

	HK$'000
Fixed assets	21,186
Interest in an associate	5,566
Interest in jointly controlled entities	81,512
Advertising rights	233,383
Goodwill and deferred tax assets	6,075
Other non-current assets	68,396
Account receivable, other receivables, deposits and prepayments	156,818
Amount due from associates, jointly controlled entities, minority shareholders and related companies	26,584
Cash and bank balances (including pledged bank deposits)	331,418
Trade, other payables, deposits and accruals	(75,601)
Bank loans – current portion	(172,358)
– non-current portion	(50,000)
Entrusted loan and loan from shareholder	(25,968)
Convertible Bond	(83,381)
Other net liabilities	(32,644)
Minority interests	(29,439)
Net assets as at 30 June 2005	461,547

Advertising rights accounted for a significant portion of the Group's assets as at 30 June 2005. Pursuant to the agreements entered into between the Group and various third parties in the PRC, the Group has acquired exclusive advertising rights on certain bus routes, metro systems, billboards and street furniture in Mainland China. The advertising rights represent fees paid by the Group to acquire such exclusive rights over fixed periods of time which normally range from 5 to 20 years. These advertising rights may be taken as "prepayments" for the long-term usage of the advertising spaces. According to the accounting policies of the Group, these are stated at cost less amortisation, calculated on a straight-line basis over the agreed periods of use, and less impairment losses. The management of the Group has advised that an impairment review on the advertising rights is done quarterly and up to the Latest Practicable Date, the Group has not recorded any impairment loss on the advertising rights.

Based on the unaudited consolidated net assets of the Group as at 30 June 2005 of HK$461,547,000 and the 853,800,000 Shares then in issue, the book value per Share as at 30 June 2005 amounted to approximately HK$0.5406. On this basis, the Offer Price represents a price-to-book ratio ("PBR") of approximately 2.11 times. The table below illustrates the PBR of the Comparable Companies based on their latest published net asset value and closing share prices as at the Latest Practicable Date:

Company	**Closing share price as at the Latest Practicable Date**	**Unaudited consolidated net asset value per share**	**PBR**
	(Note 1)	*(Note 2)*	
	HK$	*HK$*	*times*
Clear Media Limited (stock code: 100)	6.45	2.8570	2.26
Dahe Media Company Limited (stock code: 8243)	0.197	0.2950	0.67
Roadshow Holdings Limited (stock code: 888)	0.68	0.8210	0.83
Average			1.25
Median			0.83
The Company	1.141 *(Note 3)*	0.5406	2.11

Notes:

1. Source: Bloomberg.

2. The figures are determined by dividing the respective unaudited consolidated net asset values as set out in the latest published unaudited financial statements of the respective companies by the number of shares in issue of the relevant company as at the balance sheet date. Figures in RMB are translated into HK$ at the rate of RMB1.04 = HK$1.

3. The Offer Price.

As shown in the above table, shares of the Comparable Companies were traded between approximately 0.67 times and 2.26 times of their respective consolidated net asset value. The simple average PBR of the Comparable Companies is approximately 1.25 times, with a median of approximately 0.83 times. The PBR of approximately 2.11 times represented by the Offer Price and the consolidated net asset value per Share is within the range indicated by the Comparable Companies and is higher than the simple average and the median PBR of the Comparable Companies.

(iv) Comparable recent deals

We have searched from publicly available source *(note 1)* to identify transactions involving acquisitions/investments in companies engaging in similar business of the Group, i.e., outdoor advertising business in Hong Kong and Mainland China (other than interests in the Company) by listed issuers in Hong Kong for the past 24 months. We noted that the Offeror had announced on 24 March 2005 an acquisition of a 79.67% interest in MediaNation (the "Comparable Deal") which was completed in April 2005. We have reviewed the available information from the source for the Comparable Deal, which is summarised below:

Subject company	**Announcement date**	**% of interest acquired**	**Acquisition price and offer price per share**	**PBR**
			HK$	*times*
MediaNation *(Note 2)*	24 March 2005	79.67%	0.282	1.15 *(Note 3)*
The Company	20 September 2005	73.38%	1.141	2.11

Notes:

1. Source of data: Bloomberg.

2. On 24 March 2005, the Offeror jointly announced with MediaNation that it had entered into an agreement to acquire approximately 79.67% of the issued share capital of MediaNation at a consideration of approximately HK$405.2 million and made a general offer to the then shareholders of MediaNation at an offer price of HK$0.282 per offer share. The Offeror exercised the compulsory acquisition right to acquire all the issued share capital of MediaNation after the close of the offer and the shares of MediaNation were subsequently withdrawn from listing on the Stock Exchange with effect from 9:30 a.m. on 30 September 2005.

3. Calculated based on the acquisition price per share, the audited consolidated net asset value and the number of shares in issue as shown in the composite offer document of MediaNation dated 29 April 2005.

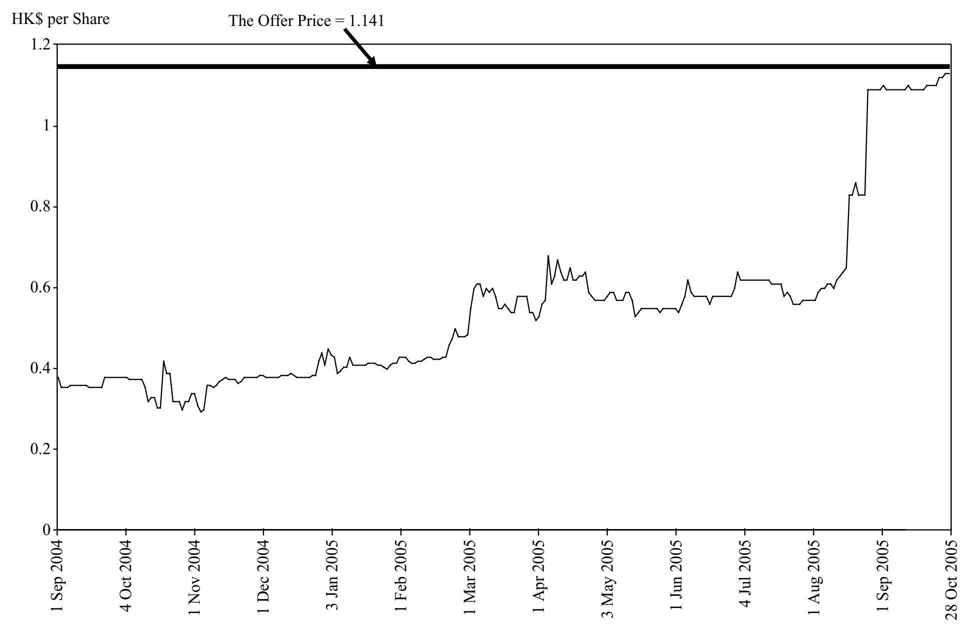
MediaNation suffered losses since its initial listing on GEM on 24 January 2002. The audited losses for the two years ended 31 December 2002 and 2003 were approximately HK$252.8 million and HK$143.8 million respectively. MediaNation recorded a small audited profit of approximately HK$2.5 million for the year ended 31 December 2004. In general, it would be impracticable to assess the PER of companies which made losses. This may also be the case when those companies which have turned around to record a relatively small profit in a particular year from huge losses in previous years. The valuation of those turnaround companies indicated by the PER may not accurately reflect the results of the relatively small profit. Accordingly, we consider that the PER indicated by the offer price of the Comparable Deal may not be a meaning reference for our assessment of the Share Offer.

As shown in the above table, the PBR of approximately 2.11 times represented by the Offer Price to the consolidated net asset value per Share is higher than that of the MediaNation offer.

5. Trading in the Shares on the Stock Exchange

(i) Share price

The chart below illustrates the daily closing price per Share as quoted on the Stock Exchange from 1 September 2004 up to and including the Latest Practicable Date (the "Period").



Source: Bloomberg

As shown in the above chart, the closing price of the Shares was within the range of HK$0.295 to HK$0.5 per Share during the period from 1 September 2004 to 15 March 2005. The Share price rose to HK$0.55 per Share on 16 March 2005 and hit HK$0.61 per Share on 18 March 2005 and 21 March 2005. We believe such increase might have been caused by the release by the Company of its 2004 annual results on 15 March 2005 which showed a profit of approximately HK$20.2 million for the year ended 31 December 2004 and represented a significant improvement from a loss of approximately HK$21.8 million for 2003. Thereafter, the Shares were traded within the range of HK$0.52 to HK$0.60 per Share and surged to close at HK$0.68 per Share on 25 April 2005. The Company issued an announcement on 25 April 2005 stating that the Company was not aware of any reasons for such increase. The Shares were traded at a closing price in a range of HK$0.53 to HK$0.67 per Share for the period from 26 April 2005 to 9 September 2005. The closing price of the Shares edged up from HK$0.65 per Share on 9 September 2005 to HK$0.83 per Share on 12 September 2005. The Company issued an announcement on 13 September 2005 stating that the Vendor was approached by an independent third party for a possible sale of all or part of its securities of the Company. Following the issue of this announcement, the Shares closed at HK$0.86 per Share on 14 September 2005, being the last full trading day (the "Last Full Trading Day") prior to the suspension in trading of the Shares at 10:27 a.m. on 15 September 2005 before the release of the Announcement. We consider that the rise in Share price during the period from 9 September 2005 to 12 September 2005 was largely prompted by market speculation of a change in control of the Company. The closing price of the Shares surged to and remained at the level of around HK$1.1 after the release of the Announcement.

The Offer Price represents:

(a) a premium of approximately 37.5% over the closing price of the Shares as quoted on the Stock Exchange of HK$0.83 per Share, being the last price at which Shares traded immediately prior to the suspension of trading at 10:27 a.m. on 15 September 2005;

(b) a premium of approximately 32.7% over the closing price of the Shares as quoted on the Stock Exchange of HK$0.86 per Share, being the last price traded on the Last Full Trading Day;

(c) a premium of approximately 85.8% over the average closing price of the Shares as quoted on the Stock Exchange of approximately HK$0.614 per Share for the 30 trading days immediately prior to and including the Last Full Trading Day;

(d) a premium of approximately 92.7% over the average closing price of the Shares as quoted on the Stock Exchange of approximately HK$0.592 per Share for the 90 trading days immediately prior to and including the Last Full Trading Day;

(e) a premium of approximately 112.1% over the average closing price of the Shares as quoted on the Stock Exchange of approximately HK$0.538 per Share for the 180 trading days immediately prior to and including the Last Full Trading Day;

(f) a premium of approximately 111.1% over the unaudited consolidated net asset value (excluding minority interest) of approximately HK$0.5406 per Share as at 30 June 2005; and

(g) a premium of approximately 1.0% over the closing price of HK$1.13 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Shares have been trading at a level below the Offer Price of HK$1.141 per Share on the market at all times during the Period and the Offer Price represents significant premia over the closing prices and average closing prices for the different periods described above.

(ii) Trading volume of the Shares

The following table sets out the total monthly trading volume of the Shares, the percentage of the total monthly trading volume of the Shares to the total issued Shares and the Shares held by the public respectively during the Period:

	Total monthly trading volume of the Shares *(Note 1)*	**% of the total monthly trading volume of the Shares to the total issued Shares** *(Note 2)*	**% of total monthly trading volume of the Shares to public float** *(Note 3)*
2004			
September	594,000	0.07%	0.28%
October	476,000	0.06%	0.22%
November	9,734,000	1.14%	4.54%
December	15,710,000	1.84%	7.33%
2005			
January	1,423,000	0.17%	0.66%
February	5,666,000	0.66%	2.64%
March	21,092,000	2.47%	9.84%
April	26,867,000	3.15%	12.53%
May	4,182,000	0.49%	1.95%
June	4,788,000	0.56%	2.23%
July	13,250,000	1.55%	6.18%
August	3,128,000	0.37%	1.46%
September	91,961,000	10.77%	42.88%
October (up to the Latest Practicable Date)	35,978,000	4.21%	16.78%

Notes:

1. Source: Bloomberg.

2. Based on 853,800,000 Shares in issue as at the Latest Practicable Date.

3. Based on 214,450,000 Shares held by the public (i.e. total issued Shares excluding those Shares held by the Vendor and Ms. Winnie Pik Shan To, a Director) at the end of each month during the Period.

The monthly trading volume of the Shares were thin during the Period, which represented less than 3% of the total issued Shares and less than 10% of the Shares in public hands save for April 2005 and September 2005 onwards. The Company issued an announcement on 25 April 2005 confirming that it was not aware of the reason for the increase in trading volume to approximately 12.3 million Shares traded on 25 April 2005. The recent increase in trading volume from September 2005 onwards was believed to be caused by speculation about and the eventual announcement of the Share Offer.

Based on the trading volume of the Shares in the past, in our view, the level of liquidity of the Shares would not be sufficient for the Independent Shareholders to sell a significant number of their Shares in the market without exerting a downward pressure on the market price of the Shares. We therefore consider that the Share Offer represents an opportunity for the Independent Shareholders to realise their investments in the Company if they so wish.

CONCLUSION AND ADVICE

The Share Offer

Having taken into account the above principal factors and reasons, in particular:

- the Offer Price is equivalent to the purchase price paid by the Offeror for the Sale Shares under the Agreement, which was arrived at after arm's length negotiations between the Offeror and the Vendor;

- the Offer Price represents a premium of 111.1% over the unaudited consolidated net asset value per Share of HK$0.5406 as at 30 June 2005;

- the Offer Price represents respective premia of 85.8%, 92.7% and 112.1% over the average closing price of the Shares for the 30 trading days, 90 trading days and 180 trading days ended on the Last Full Trading Day;

- the Offer Price compares favourably with the market valuation of the Comparable Companies in terms of PER and PBR; and

- the relatively low liquidity of the Shares which would not be sufficient for the Independent Shareholders to sell a significant number of their Shares in the market,

we consider that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and accordingly advise the Independent Board Committee to recommend the Independent Shareholders to accept the Share Offer.

Independent Shareholders should note that the Offer Price represents a slight premium over the closing prices of the Shares in the range of HK$1.09 to HK$1.13 after the release of the Announcement. The Offer Price also represents a slight premium of approximately 1.0% over the closing price of HK$1.13 per Share on the Latest Practicable Date. Independent Shareholders should also note the possibility that, following the close of the Offers, the price of the Shares may or may not be higher than the Offer Price. Should the market price of the Shares exceed the Offer Price during the period while the Offers are open, and the sales proceeds, net of transactions costs, exceed the amount receivable under the Share Offer, Independent Shareholders should consider not accepting the Share Offer and should seek to sell their Shares on the market.

Those Independent Shareholders who, after considering the information on the Offeror and the future intentions of the Offeror regarding the Group, are attracted by the future prospects of the Group following the Offers, should consider retaining some or all of their Shares. However, as set out in the letter from CLSA Equity Capital Markets Limited contained in this Composite Document, it is the intention of the Offeror that if the Offeror receives valid acceptances of the Share Offer for not less than 90% in value of the Offer Shares, the Offeror intends to exercise any rights it may have under the provisions of the Companies Law (2004 Revision) of the Cayman Islands to acquire compulsorily any outstanding Shares and to apply for a withdrawal of listing of the Shares from GEM.

Shareholders should also be aware that, if at the close of the Offers, the Offeror is not entitled to exercise such powers of Compulsory Acquisition and the number of Shares held by the public, as defined in the GEM Listing Rules, comprises less than 25% of the issued shares of the Company, trading in the Shares may be suspended. Should this happens, the Independent Shareholders who choose not to accept the Offers will not be able to sell their Shares on the Stock Exchange until trading in the Shares resumes.

The Option Offer

The offer prices for the Outstanding Options are determined by reference to the Offer Price for the Shares of HK$1.141 and the exercise prices of the Outstanding Options ranging from HK$0.55 to HK$0.62. On this basis, given our view that the terms of the Share Offer are fair and reasonable, we consider that the terms of the Option Offer to be fair and reasonable so far as the Optionholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Optionholders to accept the Option Offer.

However, should the market price of the Shares exceed the Offer Price for the Shares during the Offer Period and Optionholders wish to realise a higher value for their Outstanding Options, they should consider exercising their Outstanding Options in accordance with the Share Option Scheme and selling in the market the Shares issued to them, if the net proceeds after deducting the expenses from such sale would be greater than the net proceeds receivable pursuant to the Option Offer.

The procedures for acceptance of the Offers are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance. The last time for lodging acceptances (unless extended by the Offeror) is 4:00 p.m. on Monday, 21 November 2005. Independent Shareholders and Optionholders are urged to act according to this timetable if they wish to accept the Offers.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
Beatrice Lung
Director – Corporate Finance

1. TERMS OF THE OFFERS

Procedure for acceptance of the Share Offer

(a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the accompanying **WHITE** Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar marked "Media Partners Share Offer" on the envelope at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or some name other than your own, and you wish to accept the Share Offer, you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer, on your behalf and requesting it to deliver the accompanying **WHITE** Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar and send the accompanying **WHITE** Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar.

(c) If you have lodged transfer(s) of Shares for registration in your name and have not yet received your Share certificate(s) and you wish to accept the Share Offer, you should nevertheless complete the accompanying **WHITE** Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror or its agent(s) to collect from the Company or the Registrar, on your behalf, the relevant Share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such certificate(s), subject to the terms of the Share Offer, as if it was/they were delivered to the Registrar with the accompanying **WHITE** Form of Acceptance.

(d) If the Share certificate(s) and/or transfer receipt(s) and/or, any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not readily available and/or is/are lost and you wish to accept the Share Offer, the accompanying **WHITE** Form of Acceptance should nevertheless be completed and delivered to the Registrar and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Registrar for a form of letter of indemnity which, when completed in accordance with the instructions given therein, should be returned to the Registrar.

(e) Acceptance of the Share Offer may, at the discretion of the Offeror, be treated as valid in whole or in part even if not entirely in order or accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/ or any satisfactory indemnity or indemnities required in respect thereof) but, in such cases, the consideration payable in respect thereof will not be despatched until the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or a satisfactory indemnity or indemnities in respect thereof) has/have been received by the Registrar. Acceptances will be subject to validation and stamping before the consideration payable in respect thereof (less the relevant seller's ad valorem stamp duty) will be despatched to the persons entitled to it provided that the consideration shall be despatched no later than the tenth day after the date on which all the relevant documents are received by the Registrar to render acceptance of the Share Offer complete and valid.

(f) No acknowledgement of receipt for any **WHITE** Form(s) of Acceptance, Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(g) The address of the Registrar is G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

Procedure for acceptance of the Option Offer

(a) If you accept the Option Offer, you should complete the **PINK** Form of Acceptance which has been separately despatched to each Optionholder and which is obtainable from the principal place of business of the Company at 22/F., Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Option Offer.

(b) The completed **PINK** Form of Acceptance shall be forwarded, together with the relevant Share Option certificate(s) (if any) for not less than the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand to the company secretary of the Company at 22/F., Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong, marked "Media Partners Option Offer" on the envelope, as soon as practicable and in any event, so as to reach the Company by no later than 4.00 p.m. (Hong Kong time) on Monday, 21 November 2005 (or such later time and date as the Offeror may determine and announce in accordance with the Code). No acknowledgement of receipt of any **PINK** Form(s) of Acceptance or Share Option(s) certificate(s) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) The Offeror reserves the right, subject to the Code, to extend the Offers after the despatch of this Composite Document or to revise them.

(b) Unless the Offers have previously been extended or revised, the Offers will close on Monday, 21 November 2005.

(c) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date.

(d) If the Offers are revised, they will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the revision to the Shareholders and the Optionholders and, unless previously extended or revised shall be closed on the subsequent closing date. The benefit of any revision of the Offers will be available to any Shareholder or Optionholder who has previously accepted the Share Offer or the Option Offer respectively. The execution by or on behalf of any Shareholder or Optionholder who has previously accepted the Offers of any Form(s) of Acceptance shall be deemed to constitute acceptance of the revised Offers unless such holder becomes entitled to withdraw his or her acceptance and duly does so.

(e) In order to be valid, acceptances must be received by the Registrar (in the case of the Share Offer) or the Company (in the case of the Option Offer) in accordance with the instructions printed on the relevant Form of Acceptance by 4:00 p.m. on Monday, 21 November 2005, unless the Offers are extended or revised.

(f) If the closing date of the Offers are extended, any reference in this Composite Document and the Forms of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.

3. ANNOUNCEMENTS

By 6:00 p.m. on the First Closing Date, or such later time and/or date as the Executive may agree, the Offeror shall inform the Executive and the Stock Exchange of its intentions in relation to the revision or the extension or expiry of the Offers. The Offeror shall publish an announcement on the GEM website at www.hkgem.com by 7:00 p.m. on the First Closing Date of the Offers, being Monday, 21 November 2005, stating whether the Offers have been revised, extended or have expired. The Offeror shall publish an announcement on the next business day stating whether the Offers have been revised, extended or have expired. The announcement shall state:

– the total number of Offer Shares for which acceptances of the Share Offer have been received;

– the total number of Share Options for which acceptances of the Option Offer have been received;

– the total number of Shares held, controlled or directed by the Offeror or persons acting in concert with it from the date of the announcement; and

– the total number of Offer Shares acquired or agreed to be acquired from the date of the announcement by the Offeror or any parties acting in concert with it.

The announcement shall also specify the percentages of the relevant classes of share capital and the percentages of voting rights represented by these numbers.

As required under the Code and the GEM Listing Rules, all announcements in relation to the Offers in respect of which the Executive and (if applicable) the Stock Exchange have confirmed that they have no further comments thereon, must be published on the GEM website.

4. RIGHT OF WITHDRAWAL

(a) Acceptances of the Offers tendered by Shareholders and Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below.

(b) If the Offeror is unable to comply with the requirements set out in paragraph 3 of this Appendix I, under Rule 19.2 of the Code, the Executive may require that the Independent Shareholders and Optionholders who tendered acceptances of the Offers be granted a right of withdrawal on terms acceptable to the Executive until the requirements set out in that paragraph are met.

5. OFFER SHARES

The Offer Shares acquired under the Share Offer and the Share Options tendered under the Option Offer will be free from all claims, equities, liens, charges, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attaching to them, including in respect of the Offer Shares the right to receive in full all dividends and other distributions, if any, declared, made or paid after the Announcement.

6. OVERSEAS HOLDERS OF OFFER SHARES AND SHARE OPTIONS

The making of the Offers to overseas Shareholders and Optionholders may be prohibited or affected by the laws of the relevant jurisdictions. Overseas holders of the Offer Shares and Share Options should inform themselves about and observe any and all applicable legal requirements. It is the responsibility of each overseas Shareholder and Optionholder wishing to accept the Offers to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Any such overseas Shareholder and Optionholder will be responsible for any such transfer or other taxes in relation to such transfer payable by such overseas Shareholder, Optionholder, the Offeror or parties acting in concert with it. Acceptances of the Offers by any such person will constitute a warranty by such person that such person is permitted under the laws of the relevant jurisdictions in connection therewith to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with the laws of the relevant jurisdictions in connection therewith.

7. FORMS OF ACCEPTANCE

Each Shareholder and Optionholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Offeror and CLSA Limited, so as to bind him or her, his or her personal representatives, heirs, successors and assigns, to the following effect:

(a) that the execution of the relevant Form of Acceptance whether or not any boxes are completed shall constitute:

(i) an acceptance of the Share Offer or Option Offer in respect of the number of Shares or Share Options (as the case may be) inserted or deemed to be inserted in such form on and subject to the terms and conditions set out or referred to in this Composite Document and in such form and that, subject only to the right of withdrawal set out or referred to in paragraph 4 of this Appendix I, each such acceptance shall be irrevocable; and

(ii) an undertaking to execute any further documents, take any further actions and give any further assurances which may be required in connection with the foregoing including, without limitation, to secure the transfer of the

Shares in respect of which he or she has accepted or is deemed to have accepted the Offers to the Offeror and the benefit of all dividends and distributions paid, made or declared on or after the close of the Offers;

(b) the Shares acquired under the Share Offer and Share Options tendered under the Option Offer are sold or tendered by such person or persons free from all claims, equities, liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid after the date of the Announcement;

(c) if such acceptor is an overseas Shareholder or Optionholder, that he or she has observed the laws of all relevant territories, obtained any and all requisite governmental, exchange control or other consents which may be required, complied with all requisite formalities and paid any and all transfer or other taxes due from him or her in connection with such acceptance in any territory, that he or she has not taken or omitted to take any action which will or may result in the Offeror, CLSA Limited or any other person acting or being in breach of the legal or regulatory requirements of any territory in connection with the Offers or his or her acceptance thereof and he or she is permitted under the laws of the relevant jurisdictions in connection therewith to receive and accept the Offers (and any revision thereof), and that such acceptance is valid and binding in accordance with the laws of the relevant jurisdictions in connection therewith;

(d) that such Shareholder and Optionholder will deliver or procure the delivery to the Registrar (in the case of the Share Offer) or the Company (in the case of the Option Offer) at the address referred to in paragraph 1 of this Appendix I of his or her relevant Share or Share Option certificate(s) (if any) and/or transfer receipt(s) and/or any other document(s) of title and/or any satisfactory indemnity or indemnities in respect thereof (as the case may be);

(e) that the execution and delivery of the relevant Form(s) of Acceptance to the Registrar (in the case of the Share Offer) or the Company (in the case of the Option Offer) constitutes a separate and irrevocable authority and request to the Offeror to procure the despatch by post of a cheque in respect of any cash payment in connection with the Offers, at the risk of such Shareholder or Optionholder, to the person or agent whose name and address is set out in the relevant Form of Acceptance or, if none is set out, to the first-named or the sole registered holder of the relevant Shares or Share Options at his or her registered address;

(f) that the terms and conditions of the Offers contained in this Composite Document shall be incorporated in and form part of the relevant Form of Acceptance, which shall be read and construed accordingly;

(g) that in relation to the Offers, he or she will do all such acts and things as shall be necessary or expedient to vest in the Offeror, or its nominees or such other person as it may decide, the Shares and/or Share Options to which such acceptance relates;

(h) that he or she submits, in relation to all matters arising out of the Offers and the Forms of Acceptance, to the jurisdiction of the courts of Hong Kong;

(i) acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares indicated in the accompanying Forms of Acceptance is the aggregate number of Shares and/or Share Options held by such nominee for such beneficial owners who are accepting the Offers;

(j) the Offers and all acceptances thereof, the Forms of Acceptance and all contracts made pursuant to the Offers, and all actions taken or made or deemed to be taken or made pursuant to these terms are governed by and shall be construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of the relevant Shareholder or Optionholder will constitute a submission by such Shareholder or Optionholder in relation to all matters arising out of the Offers and the relevant Form of Acceptance to the jurisdiction of the courts of Hong Kong and the agreement of such Shareholder or Optionholder that nothing shall limit the right of the Offeror or CLSA Limited to bring an action, suit or proceeding arising out of or in connection with the creation, validity, effect, interpretation or performance of the legal relations established in relation to the Offers and the Forms of Acceptance in any other manner permitted by law or in any court of competent jurisdiction;

(k) in relation to any acceptance of the Share Offer in respect of a holding of Shares which is in uncertificated form, the Offeror reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Share Offer whether in order to comply with the facilities or requirements of CCASS or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the consent of the Executive;

(l) the terms, provisions, instructions and authorities contained in or deemed to be contained in the Forms of Acceptance constitute part of the terms of the Offers. The provisions of this Appendix I shall be deemed to be incorporated into the Forms of Acceptance; and

(m) due execution of the relevant Form of Acceptance in respect of the Offers will constitute an irrevocable authority to the Offeror, CLSA Limited, any director of the Offeror or of CLSA Limited or their respective agents to complete and execute on behalf of the Shareholders and Optionholders who accept the Offers, the Forms of Acceptance and any document and, in relation to the Offers, to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as the Offeror shall direct, the Shares or for the cancellation of the Share Options which are the subject of such acceptance.

8. GENERAL

(a) All communications, notices, Forms of Acceptance, certificates, transfer receipts and other documents of title or of indemnity or of any other nature to be delivered by or sent to or from the Shareholders and Optionholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Offeror, CLSA ECM, CLSA Limited nor the Registrar accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.

(b) Notwithstanding any other provision in this Appendix I and subject to the provisions of the Code, the Offeror and CLSA Limited reserve the right to treat acceptances as valid if received by or on behalf of either of them at any place or places or in any manner determined by either of them otherwise than as set out in this Composite Document or in the Forms of Acceptance.

(c) The English text of this Composite Document and of the Forms of Acceptance shall prevail over the Chinese text.

(d) The accidental omission to despatch this Composite Document and/or the Forms of Acceptance or any of them to any person to whom the Offers is made will not invalidate the Offers in any way.

(e) If, in the course of the Offers, the Offeror revises the terms of the Offers, all Shareholders and Optionholders, whether or not they have already accepted the Offers, will be entitled to the revised terms. The revised offers must be kept open for at least 14 days following the date on which the revised offer document is posted.

(f) Settlement of the consideration to which any Shareholder or Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the relevant Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder or Optionholder.

A. SUMMARY OF FINANCIAL RESULTS FOR THE THREE YEARS ENDED 31 DECEMBER 2004 AND THE SIX MONTHS ENDED 30 JUNE 2005

The following financial information has been extracted from the audited accounts of the Group from each of the three years ended 31 December 2004 and unaudited accounts for the six months ended 30 June 2005:

	For the six months ended 30 June 2005	2004 (restated*)	2003 (restated*)	2002 (restated*)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Operating revenue				
Turnover	178,764	352,637	277,205	290,804
Other revenue	9,507	14,174	15,280	17,305
Other net (loss)/income	–	(974)	31	205
Operating expenses				
Site rental	(71,206)	(117,639)	(102,852)	(94,266)
Other direct costs	(57,295)	(115,081)	(97,242)	(124,746)
Staff costs	(16,910)	(34,134)	(30,054)	(33,691)
Depreciation and amortization	(21,552)	(42,074)	(40,987)	(34,843)
Other operating expenses	(14,294)	(37,747)	(34,405)	(28,971)
Provision for onerous contracts	–	–	–	(12,626)
Profit/(loss) from operations	7,014	19,162	(13,024)	(20,829)
Finance costs	(6,214)	(15,719)	(13,774)	(11,293)
Share of profit less losses of associates	2,586	6,008	2,155	2,276
Share of profit less losses of jointly controlled entities	20,016	29,408	20,080	15,847
Profit/(loss) before tax	23,402	38,859	(4,563)	(13,999)
Income tax	(10,389)	(15,658)	(14,424)	(12,564)
Profit/(loss) for the period	13,013	23,201	(18,987)	(26,563)
Attributable to:				
Equity holders of the company	10,379	20,235	(21,774)	(29,941)
Minority interests	2,634	2,966	2,787	3,378
	13,013	23,201	(18,987)	(26,563)
Earnings per share – Basic	1.2 cents	2.4 cents	(2.6) cents	(3.6) cents
Dividends per share	Nil	Nil	Nil	Nil

There were no exceptional items nor extraordinary items or qualifications to any of the audited accounts for each of the three years ended 31 December 2004 and for the six months ended 30 June 2005. No dividend was paid in each of the three years ended 31 December 2004 and in the six months ended 30 June 2005.

* The presentation of financial information for the three years ended 31 December 2004 have been restated to conform with the new and revised Hong Kong Financial Reporting Standards (HKFRSs, which term collectively includes HKSAs and Interpretations) that are effective for the accounting periods beginning on or after 1 January 2005.

B. FINANCIAL STATEMENTS

Set out below are the audited consolidated profit and loss account, audited consolidated balance sheet and notes to the financial statements of the Group extracted from the annual report of the Group for the year ended 31 December 2004.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December
(Expressed in Hong Kong dollars)

	Note	2004 *$'000*	2003 *$'000*
Operating			
Turnover	2	352,637	277,205
Other revenue	3	14,174	15,280
Other net (loss)/income	3	(974)	31
Operating expenses			
Site rental		(117,639)	(102,852)
Other direct costs		(115,081)	(97,242)
Staff costs	4(b)	(34,134)	(30,054)
Depreciation and amortisation		(42,074)	(40,987)
Other operating expenses		(37,747)	(34,405)
Profit/(loss) from operations		19,162	(13,024)
Finance costs	4(a)	(15,719)	(13,774)
Share of profits less losses of associates		6,008	2,155
Share of profits less losses of jointly controlled entities		29,408	20,080
Profit/(loss) from ordinary activities before taxation	4	38,859	(4,563)
Income tax	5	(15,658)	(14,424)
Profit/(loss) from ordinary activities after taxation		23,201	(18,987)
Minority interests		(2,966)	(2,787)
Profit/(loss) attributable to shareholders	8 & 35(a)	20,235	(21,774)
Earnings/(loss) per share			
– Basic	10(a)	2.4 cents	(2.6) cents

CONSOLIDATED BALANCE SHEET

at 31 December 2004
(Expressed in Hong Kong dollars)

	Note	2004 $'000	2003 $'000
Non-current assets			
Fixed assets	12	14,210	13,873
Interest in associates	14	9,365	4,427
Interests in jointly controlled entities	15	68,206	63,054
Amounts due from a jointly controlled entity	15	18,868	18,868
Advertising rights	16	249,339	291,583
Other investments	17	49,528	35,849
Goodwill	18	2,235	2,554
Deferred tax assets	32(a)	4,256	–
		416,007	430,208
Current assets			
Accounts receivable	19	43,675	32,841
Other receivables, deposits and prepayments	19	81,457	85,040
Amounts due from jointly controlled entities	20	25,348	13,866
Amounts due from minority shareholders	21	2,514	5,851
Amounts due from related companies	22	9	10
Pledged bank deposits	23	130,594	202,188
Cash and cash equivalents	24	208,677	140,288
		492,274	480,084
Current liabilities			
Bank loans	25	220,472	257,402
Entrusted loan	26	19,387	–
Accounts payable	27	20,532	49,948
Other payables, deposits and provisions	27	61,896	47,749
Amounts due to jointly controlled entities	28	18,416	9,650
Amount due to a related company	22	6,401	9,825
Taxation payable	30	2,431	1,387
		349,535	375,961

	Note	2004 $'000	2003 $'000
Net current assets		142,739	104,123
Total assets less current liabilities		558,746	534,331
Non-current liabilities Convertible Bond	31	85,000	85,000
Deferred taxation	32(a)	45	45
		85,045	85,045
Minority interests	33	25,229	20,992
		110,274	106,037
NET ASSETS		448,472	428,294
CAPITAL AND RESERVES			
Share capital	34	85,380	85,380
Reserves	35(a)	363,092	342,914
		448,472	428,294

BALANCE SHEET
at 31 December 2004
(Expressed in Hong Kong dollars)

	Note	**2004** $'000	**2003** $'000
Non-current assets			
Investments in subsidiaries	13	342,804	361,464
Current assets			
Other receivables, deposits and prepayments	19	189	48
Amount due from a jointly controlled entity	20	213	130
Amount due from a related company	22	–	6
Cash and cash equivalents	24	45,037	33,687
		45,439	33,871
Current liabilities			
Other payables, deposits and provisions	27	2,723	1,353
Net current assets		42,716	32,518
Total assets less current liabilities		385,520	393,982
Non-current liabilities			
Convertible Bond	31	85,000	85,000
		85,000	85,000
NET ASSETS		300,520	308,982
CAPITAL AND RESERVES			
Share capital	34	85,380	85,380
Reserves	35(b)	215,140	223,602
		300,520	308,982

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2004
(Expressed in Hong Kong dollars)

	Share capital	Share premium	Merger reserves	Other capital reserves	Exchange reserves	Revenue reserves	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 January 2003	85,380	233,715	255,366	(61,518)	–	(63,939)	449,004
Movement for the year	–	–	–	–	1,064	–	1,064
Net loss for the year	–	–	–	–	–	(21,774)	(21,774)
At 31 December 2003	85,380	233,715	255,366	(61,518)	1,064	(85,713)	428,294
At 1 January 2004	85,380	233,715	255,366	(61,518)	1,064	(85,713)	428,294
Movement for the year	–	–	–	–	(57)	–	(57)
Net profit for the year	–	–	–	–	–	20,235	20,235
At 31 December 2004	85,380	233,715	255,366	(61,518)	1,007	(65,478)	448,472

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2004
(Expressed in Hong Kong dollars)

	Note	2004 $'000	2004 $'000	2003 $'000	2003 $'000
Operating activities					
Profit/(loss) from operations		19,162		(13,024)	
Adjustments for:					
– Interest income		(3,481)		(3,545)	
– Depreciation and amortisation		42,074		40,987	
– Loss/(profit) on disposal of fixed assets and advertising rights		974		(31)	
– Utilisation of provision for onerous contracts	27(b)	(998)		(11,121)	
– Exchange gain		(57)		–	
Operating profit before changes in working capital		57,674		13,266	
(Increase)/decrease in accounts receivable		(10,834)		13,634	
Decrease/(increase) in other receivables, deposits and prepayments		16,510		(10,163)	
Increase in amounts due from jointly controlled entities		(11,482)		(4,668)	
Decrease/(increase) in amounts due from minority shareholders		4,281		(4,140)	
Decrease in amounts due from related companies		1		449	
(Decrease)/increase in accounts payable		(6,095)		6,516	
Increase in other payables, deposits and provisions		15,145		837	
Increase/(decrease) in amounts due to jointly controlled entities		8,766		(888)	
(Decrease)/increase in amount due to a related company		(3,424)		6,751	
Cash generated from operations		70,542		21,594	
Tax paid					
– Hong Kong profits tax refunded		–		57	
– PRC tax paid		(7,660)		(5,776)	

	Note	2004 $'000	2004 $'000	2003 $'000	2003 $'000
Net cash generated from operating activities			62,882		15,875
Investing activities					
Uplift/(placement) of pledged deposits		71,594		(5,742)	
Payments for the purchase of fixed assets		(6,331)		(4,312)	
Proceeds from disposal of fixed assets		19		236	
Net payments for the purchase of advertising rights		(17,831)		(43,698)	
(Increase)/decrease in deposits in respect of acquisition/ use of advertising rights		(12,927)		19,957	
Payments for other investments		(13,679)		(29,307)	
Share capital contributed by minority shareholders		596		597	
Interest received		3,481		3,545	
Dividends received from a jointly controlled entity		14,116		11,443	
Net cash generated from/(used in) investing activities			39,038		(47,281)
Financing activities					
Net (repayments of)/proceeds from bank loans		(36,930)		25,249	
Receipt of entrusted loan		19,387		–	
Finance costs paid		(15,719)		(13,774)	
Dividends paid to minority shareholders		(269)		(492)	
Net cash (used in)/ generated from financing activities			(33,531)		10,983
Net increase/(decrease) in cash and cash equivalents			68,389		(20,423)
Cash and cash equivalents at 1 January			140,288		161,409
Effect of foreign exchange rates changes			–		(698)
Cash and cash equivalents at 31 December	24		208,677		140,288

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) The Company

The Company was incorporated in the Cayman Islands on 14 May 2001 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands.

The Company obtained a listing on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited on 31 January 2002.

(b) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which includes all applicable Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

(c) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December each year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from or to the date of their acquisition or disposal, as appropriate. All material intra-group transactions and balances are eliminated on consolidation.

(e) Subsidiaries

A subsidiary is an enterprise controlled by the Company. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

An investment in a subsidiary is consolidated into the consolidated financial statements, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated profit and loss account as they arise.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet separately from liabilities and the shareholders' equity. Minority interests in the results of the Group for the year are also separately presented in the consolidated profit and loss account.

Where losses attributable to the minority exceed the minority's interest in the net assets of a subsidiary, the excess, and any further losses attributable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. All subsequent profits of the subsidiary are allocated to the Group until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the profit and loss account as they arise. The results of subsidiaries are accounted for by the Company on the basis of dividends declared or approved in the Company's accounting period.

(f) Associates and jointly controlled entities

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activities of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associate's or the jointly controlled entity's net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor or venturer, in which case it is stated at fair value with changes in fair value recognised in the consolidated profit and loss account as they arise. The consolidated profit and loss account reflects the Group's share of the post-acquisition results of the associates and jointly controlled entities for the year, including any amortisation of positive or negative goodwill charged or credited during the year in accordance with note 1(g).

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associate or jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated profit and loss account.

(g) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of controlled subsidiaries and associates and jointly controlled entities:

- for acquisitions before 1 January 2001, positive goodwill is eliminated against reserves and is reduced by impairment losses (see note 1(k)); and

- for acquisitions on or after 1 January 2001, positive goodwill is amortised to the consolidated profit and loss account on a straight-line basis over its estimated useful life which does not exceed 20 years. Positive goodwill is stated in the consolidated balance sheet at cost less accumulated amortisation and impairment losses (see note 1(k)).

In respect of acquisitions of associates and jointly controlled entities, the cost of positive goodwill less accumulated amortisation and impairment losses (see note 1(k)) is included in the carrying amount of the interest in associates or jointly controlled entities.

Negative goodwill arising from acquisitions of controlled subsidiaries, associates and jointly controlled entities represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. Negative goodwill is accounted for as follows:

- for acquisitions before 1 January 2001, negative goodwill is credited to a capital reserve; and
- for acquisitions on or after 1 January 2001, to the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated profit and loss account over the useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated profit and loss account.

On disposal of a controlled subsidiary, an associate or a jointly controlled entity during the year, any attributable amount of purchased goodwill not previously amortised through the consolidated profit and loss account or which has previously been dealt with as a movement on Group reserves is included in the calculation of the profit or loss on disposal.

(h) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses (see note 1(k)).

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	over the terms of the lease
Advertising displays	over the terms of the contract
Computer equipment	3 years
Furniture, fixtures and equipment	5 years
Motor vehicles	4 to 5 years

Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing assets, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated profit and loss account on the date of retirement or disposal.

(i) Advertising rights

Advertising rights represent fees paid to secure exclusive rights to sell advertising space on certain specified assets or at certain specified locations for a specific period of time.

Advertising rights are stated at cost less accumulated amortisation and impairment losses (see note 1(k)).

Amortisation is calculated on a straight-line basis over the agreed periods of use of the advertising rights, which range from 5 to 20 years, starting from the date of commencement of the commercial use of the advertising rights.

Subsequent expenditure on advertising rights after their purchase or their completion is recognised as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. If these conditions are met, the subsequent expenditure is added to the cost of the advertising rights.

(j) Other investments

Other investments are stated at cost less impairment losses (see note 1(k)).

(k) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset (including positive goodwill taken directly to reserves) exceeds its recoverable amount.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated profit and loss account in the year in which the reversals are recognised.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(m) Jointly controlled assets

Jointly controlled assets are held under a contractual arrangement whereby the Group and at least one other party undertake an economic activity which is subject to joint control and none of the parties involved unilaterally has control over the economic activity.

The Group's share of jointly controlled assets, and its share of any liabilities incurred in relation to the jointly controlled assets are recognised in the balance sheet and classified according to the nature of the relevant item. Income from the sale or use of the Group's share of the output of the jointly controlled assets, together with its share of any expenses incurred in relation to its interests in the jointly controlled assets, are recognised when it is probable that economic benefits associated with the transactions will flow to or from the Group, as applicable.

(n) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the profit and loss account except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, negative goodwill treated as deferred income, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Recognition of income

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated profit and loss account as follows:

(i) Advertising and other advertising-related fees are recognised in the year in which the services are provided.

(ii) Signage production and maintenance service fees are recognised in the year in which the services are provided.

(iii) Management fee income is recognised in the year in which the services are provided.

(iv) Interest income is accrued on a time apportioned basis on the principal outstanding and at the rate applicable.

(v) Government incentives are recognised when the right to receive such incentives is established and receipt thereof is probable.

(vi) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(q) Translation of foreign currencies

The consolidated financial statements are prepared in Hong Kong dollars.

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the consolidated profit and loss account.

The results of foreign enterprises are translated into Hong Kong dollars at the average exchange rates for the year; balance sheet items are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

On disposal of a foreign enterprise, the cumulative amount of the exchange differences which relates to that foreign enterprise is included in the calculation of the profit or loss on disposal.

(r) Operating leases

Rentals payable under operating leases are accounted for in the consolidated profit and loss account on a straight-line basis over the periods of the respective leases, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the consolidated profit and loss account as an integral part of the aggregate net lease payments payable.

Contingent rentals are charged to the consolidated profit and loss account in the accounting period in which they are incurred.

(s) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and central pension schemes operated by the local governments in the People's Republic of China ("PRC"), are recognised as an expense in the consolidated profit and loss account as incurred.

(iii) When the Group grants to employees options to acquire shares in the Company at nominal consideration, no employee benefit cost or obligation is recognised at the date of grant. When such options are exercised, shareholders' equity is increased by the amount of the proceeds received.

(t) Borrowing costs

Borrowing costs are expensed in the consolidated profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

(u) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen geographical segment information as the primary reporting format and business segment information as the secondary reporting format for the purpose of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the relevant year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings from the ultimate holding company, corporate and financing expenses.

2. TURNOVER

The principal activities of the Group comprise acting as an advertising agent and advertising licensor and licensee, providing consultancy services related to outdoor advertising, the production of advertisement signage and the provision of signage maintenance services.

Turnover represents income from advertising and other advertising-related services rendered to customers during the year, net of returns and discounts allowed, after eliminating intra-group transactions. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2004	**2003**
	$'000	*$'000*
Advertising fees	291,978	232,341
Signage production and maintenance fees	60,659	44,864
	352,637	277,205

3. OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	2004	2003
	$'000	*$'000*
Other revenue		
Interest income from bank deposits	3,458	3,507
Interest income from amounts due from minority shareholders	23	38
Management fee income from jointly controlled entities	9,517	8,649
Training income from customers	392	395
Forfeited deposits from customers	–	129
PRC Government incentives *(note)*	585	2,415
Sundry income	199	147
	14,174	15,280
Other net (loss)/income		
(Loss)/profit on disposal of fixed assets and advertising rights	(974)	31

Note: PRC government incentives

(a) PRC government incentives in 2004 represent amounts received by Chongqing MPI Public Transportation Advertising Co., Ltd ("CQMPI"), a non-wholly owned subsidiary of the Group, in recognition of its business development in Chongqing.

(b) PRC government incentives in 2003 represented amounts received by Nanjing Media Partners International Public Transportation Advertising Co. Ltd ("NJMPI"), a non-wholly owned subsidiary of the Group. NJMPI is classified by the local PRC government as an approved "Technology and Development Entity". Accordingly, the subsidiary received 2,415,000 incentives of $2,415,000 from a department of the local PRC government for the year ended 31 December 2003 which were computed based on 50% of the aggregate foreign enterprise income tax and business tax paid in the previous year subject to certain amounts retained by the PRC government.

4. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) from ordinary activities before taxation is arrived at after charging/(crediting):

			2004		2003
			$'000		*$'000*
(a)	Finance costs:				
	Interest on bank advances and other borrowings repayable within five years		13,611		12,626
	Interest on Convertible Bond *(note 31)*		2,108		1,086
	Other borrowing costs		–		62
			15,719		13,774
(b)	Staff costs:				
	Contributions to defined contribution retirement schemes *(note 29)*		1,865		2,562
	Salaries, wages and other benefits		32,269		27,492
			34,134		30,054
(c)	Other items:				
	Exchange loss/(gain)		80		(260)
	Auditors' remuneration				
	– Audit services	1,417		1,127	
	– Other services	337	1,754	217	1,344
	Depreciation of fixed assets		4,904		5,433
	Amortisation of advertising rights		36,851		35,235
	Amortisation of goodwill		319		319
	Provision for bad debts		5,814		6,300
	Operating lease charges				
	– properties		5,498		5,278
	– site rentals		118,637		113,973

5. INCOME TAX

(a) Taxation in the consolidated profit and loss account represents:

	2004	2003
	$'000	*$'000*
Overprovision for Hong Kong Profits Tax relating to prior years	–	(43)
Provision for Foreign Enterprise Income Tax ("FEIT")	8,704	6,938
Share of associates' taxation	1,070	514
Share of jointly controlled entities' taxation	10,140	6,970
Deferred tax *(note 32(a))*	(4,256)	45
Total income tax expense	15,658	14,424

(b) The provision for Hong Kong Profits Tax has been calculated separately at 17.5% (2003: 17.5%) of the estimated assessable profits for the year ended 31 December 2004 of each subsidiary and associate of the Group with operations subject to Hong Kong Profits Tax.

No provision for Hong Kong Profits Tax has been made in respect of subsidiaries of the Group operating in Hong Kong as these subsidiaries incurred taxable losses during the year ended 31 December 2004.

(c) Taxation for subsidiaries and jointly controlled entities operating in the PRC, except noted hereinafter, is calculated at 33% (2003: 33%) of the estimated assessable profits of these entities for the year ended 31 December 2004.

Pursuant to the relevant laws and regulations in the PRC, CQMPI, a non-wholly owned subsidiary of the Group is entitled to a reduction in the applicable rate of PRC FEIT from 33% to 30% for two years commencing from its first profit-making year of operations (i.e. for the years ended 31 December 2002 and 2001) and thereafter, it is entitled to a reduction in the applicable rate of PRC FEIT from 33% to 31.5% for the following three years, with effect from the year ended 31 December 2003.

(d) Reconciliation between tax expense and profit/(loss) from ordinary activities before taxation at applicable tax rates:

	2004	2003
	$'000	*$'000*
Profit/(loss) from ordinary activities before taxation	38,859	(4,563)
Notional tax, calculated at the rates applicable to profits in the countries concerned	14,966	1,036
Tax effect on non-deductible expenses	8,409	1,184
Tax effect on non-taxable revenue	(2,120)	(2,706)
Tax effect of temporary differences not recognised	52	1,340
Tax effect of tax losses not recognised	608	13,549
Tax effect of prior year's tax losses utilised this year	(2,001)	64
Tax effect of recognition in the current year of prior year's tax losses not previously recognised	(4,256)	–
Over-provision in prior years	–	(43)
Actual tax expense	15,658	14,424

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the GEM Listing Rules is as follows:

	Note	**2004** *$'000*	**2003** *$'000*
Fees	6(a)	579	585
Basic salaries, housing and other allowances and benefits in kind	6(b)	1,967	1,687
Discretionary bonuses	6(b)	650	–
Retirement scheme contributions	6(b)	131	117
		3,327	2,389

Notes:

(a) Independent non-executive directors and non-executive director

For the years ended 31 December 2004 and 2003, the fees paid to independent non-executive and non-executive directors were as follows:

	2004 *$'000*	**2003** *$'000*
Independent non-executive directors		
Mr. Meocre Kwok Wing LI	140	195
Mr. Paul Laurence SAFFO	140	195
Mr. Philip Tit Hon HUNG	94	–
Mr. Lawrence Juen Yee LAU	65	195
Non-executive director		
Mr. Gerald Lokchung CHAN	140	–
	579	585

During the year ended 31 December 2003, Mr. Gerald Lokchung CHAN waived his entitlement to fees of $97,500 from the Company.

(b) Executive directors

For the years ended 31 December 2004 and 2003, the remuneration paid to executive directors was as follows:

	Basic salaries, housing and other allowances and benefits in kind *$'000*	**Discretionary bonuses** *$'000*	**Retirement scheme contributions** *$'000*	**Total** *$'000*
2004				
Executive director and chief executive officer				
Ms. Winnie Pik Shan TO	1,687	650	117	2,454
Executive director and vice chairman				
Mr. George Ka Ki CHANG	140	–	7	147
Executive director				
Mr. Tony Cheung Kin AU-YEUNG	140	–	7	147
	1,967	650	131	2,748
2003				
Executive director and chief executive officer				
Ms. Winnie Pik Shan TO	1,687	–	117	1,804
Executive director and vice chairman				
Mr. George Ka Ki CHANG	–	–	–	–
Executive director				
Mr. Tony Cheung Kin AU-YEUNG	–	–	–	–
	1,687	–	117	1,804

During the year ended 31 December 2003, Mr. George Ka Ki CHANG and Mr. Tony Cheung Kin AU-YEUNG waived their entitlement to fees of $390,000 (US$50,000) each from the Company.

During the years ended 31 December 2003 and 2004, there were no amounts paid to former directors in connection with their retirement from employment with the Group. No amounts were paid or payable to directors as an inducement to join or upon joining the Group.

No amounts were paid or payable to directors as an inducement to join or upon joining the Group.

7. INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

Set out below are analyses of the emoluments of the four (2003: four) employees of the Group who, not being directors of the Company or its subsidiaries, were among the top five paid individuals (including directors and other employees of the Group) employed by the Group.

	2004	**2003**
	$'000	*$'000*
Basic salaries, housing and other allowances and benefits in kind	4,601	4,388
Discretionary bonuses	964	375
Retirement scheme contributions	221	213
	5,786	4,976

An analysis of senior management's emoluments by number of employees and emolument ranges is as follows:

	2004	**2003**
	Number of individuals	*Number of individuals*
Not more than $1,000,000	–	–
$1,000,001 – $1,500,000	2	3
$1,500,001 – $2,000,000	2	1
	4	4

No amounts were paid or payable to senior management as an inducement to join the Group or as compensation for loss of office during the years ended 31 December 2004 and 2003.

8. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit/(loss) attributable to shareholders includes a loss of $8,462,000 (2003: $4,394,000) which has been dealt with in the financial statements of the Company.

9. DIVIDENDS

The Company has not declared or paid any dividend for the year ended 31 December 2004 (2003: $Nil).

10. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders of $20,235,000 (2003: loss of $21,774,000) and the weighted average of 853,800,000 ordinary shares (2003: 853,800,000 ordinary shares) in issue.

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share for the years ended 31 December 2003 and 2004 has been presented, as there were no dilutive potential ordinary shares during these years.

11. SEGMENT REPORTING

Segment information is presented in respect of the Group's geographical segments. Information relating to geographical segments based on the location of the advertisements placed by customers and the location of the provision of advertising and related services rendered to customers is chosen as the reporting format because this is considered by management to be more relevant to the Group in making operating and financial decisions.

Geographical segments by the location of customers and by the location of assets

The Group's business can be subdivided into the Mainland China and Hong Kong markets.

The Group's geographical segments are classified according to the location of the advertisements placed by customers and the location of the provision of advertising and related services rendered to customers. No separate disclosure of the Group's geographical segments according to the location of assets has been made as there is no material difference between the Group's geographical segments classified by location of customers or by location of assets.

Management consider that all items in the consolidated profit and loss account and assets included in the consolidated balance sheet can be reasonably allocated to each geographical segment.

Business segments

No information has been disclosed in respect of the Group's business segments as the Group operates only one business segment which is the provision of advertising and related services.

	Year ended 31 December									
	Hong Kong		Mainland China		Inter-segment elimination		Unallocated		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Turnover	54,439	60,062	298,198	217,143	–	–	–	–	352,637	277,205
Other revenue	19	202	13,682	14,740	–	–	473	338	14,174	15,280
Total revenue	54,458	60,264	311,880	231,883	–	–	473	338	366,811	292,485
Segment result and profit/(loss) from operations	(694)	(8,251)	27,276	(793)	–	–	(7,420)	(3,980)	19,162	(13,024)
Finance costs	(162)	(187)	(13,449)	(12,501)	–	–	(2,108)	(1,086)	(15,719)	(13,774)
Share of profits less losses of associates	6,008	2,155	–	–			–	–	6,008	2,155
Share of profits less losses of jointly controlled entities	–	–	29,408	20,080			–	–	29,408	20,080
Profit/(loss) from ordinary activities before taxation	5,152	(6,283)	43,235	6,786			(9,528)	(5,066)	38,859	(4,563)
Income tax	(1,070)	(515)	(14,588)	(13,909)			–	–	(15,658)	(14,424)
Profit/(loss) from ordinary activities after taxation	4,082	(6,798)	28,647	(7,123)			(9,528)	(5,066)	23,201	(18,987)
Minority interests	39	53	(3,005)	(2,840)			–	–	(2,966)	(2,787)
Profit/(loss) attributable to shareholders	4,121	(6,745)	25,642	(9,963)			(9,528)	(5,066)	20,235	(21,774)
Depreciation and amortisation	491	875	41,583	40,112			–	–	42,074	40,987
Capital expenditure incurred during the year	42	506	21,557	110,882			–	–	21,599	111,388
Utilisation of provision for onerous contracts	998	11,121	–	–			–	–	998	11,121
Segment assets#	48,699	31,412	833,909	795,484	(116,205)	(36,694)	45,439	33,741	811,842	823,943
Interest in associates	9,365	4,427	–	–	–	–	–	–	9,365	4,427
Interests in jointly controlled entities	–	–	68,206	63,054	–	–	–	–	68,206	63,054
Amounts due from a jointly controlled entity	–	–	18,868	18,868	–	–	–	–	18,868	18,868
Total assets									908,281	910,292
Segment liabilities#	(183,335)	(63,202)	(277,343)	(346,826)	116,205	36,694	(5,107)	(2,672)	(349,580)	(376,006)
Unallocated liabilities							(85,000)	(85,000)	(85,000)	(85,000)
Total liabilities									(34,580)	(461,006)
Minority interests	(126)	(165)	(25,103)	(20,827)		–		–	(25,229)	(20,992)

Segment assets and liabilities are before elimination of inter-segment balances.

* Inter-segment elimination of $116,205,000 (2003: $36,694,000) represents inter-segment current accounts.

12. FIXED ASSETS

The group

	Leasehold improvements $'000	Advertising displays $'000	Computer equipment $'000	Furniture, fixtures and equipment $'000	Motor vehicles $'000	Total $'000
Cost:						
At 1 January 2004	4,408	17,434	10,238	3,015	2,336	37,431
Additions	718	1,543	3,235	174	661	6,331
Disposals	–	–	(1,164)	(80)	(236)	(1,480)
Reclassification	–	–	(412)	412	–	–
At 31 December 2004	5,126	18,977	11,897	3,521	2,761	42,282
Accumulated depreciation:						
At 1 January 2004	3,208	12,564	4,744	1,978	1,064	23,558
Charge for the year	587	1,840	1,769	302	406	4,904
Written back on disposals	–	–	(218)	(59)	(113)	(390)
Reclassification	–	–	(95)	95	–	–
At 31 December 2004	3,795	14,404	6,200	2,316	1,357	28,072
Net book value:						
At 31 December 2004	1,331	4,573	5,697	1,205	1,404	14,210
At 31 December 2003	1,200	4,870	5,494	1,037	1,272	13,873

13. INVESTMENTS IN SUBSIDIARIES

	The company	
	2004 $'000	**2003** $'000
Unlisted shares, at cost	100	100
Loans to subsidiaries	184,728	190,978
Amounts due from subsidiaries	162,010	174,477
Amounts due to subsidiaries	(4,034)	(4,091)
	342,804	361,464

The loans to subsidiaries and the amounts due from/to subsidiaries are non-current as these are not expected to be receivable/payable within the next twelve months.

The following list contains only the particulars of subsidiaries which principally affect the results or net assets of the Group. The class of shares held is ordinary unless otherwise stated.

All of these are controlled subsidiaries as defined under note 1(e) and have been consolidated into the financial statements.

Name of company	Place of incorporation/ establishment and operation	Proportion of attributable equity interest held directly	indirectly	Issued share capital/ registered capital	Principal activities
Polyland Holdings Limited	British Virgin Islands	100%	–	US$1	Investment holding
Media Partners International Limited ("MPIL")	Hong Kong	–	100%	$647	Outdoor advertising agent and investment holding
Shanghai Media Partners International Ltd. *(Note 1)*	People's Republic of China	–	100%	US$15,300,000	Advertising agent, advertising licensor and licensee, and advertising consultant
Nanjing Media Partners International Public Transport Advertising Co., Ltd. *(Note 2)*	People's Republic of China	–	87.6%	RMB68,500,000	Advertising agent and advertising consultant
Chongqing MPI Public Transportation Advertising Co., Ltd. *(Note 3)*	People's Republic of China	–	60%	US$500,000	Advertising agent and advertising consultant
Chengdu MPI Public Transport Advertising Co., Ltd. *(Note 4)*	People's Republic of China	–	50%	US$500,000	Advertising agent and advertising consultant
Media Partners International (Hong Kong) Limited	Hong Kong	–	100%	$2	Outdoor advertising agent
Signmaker Company Limited	Hong Kong	–	100%	$2	Signage production and maintenance

Notes:

(1) Shanghai Media Partners International Ltd. ("SHMPI") was established in the PRC on 28 December 1995 as a sino foreign equity joint venture with a term of 15 years. In July 2000, SHMPI changed its legal structure from a sino foreign equity joint venture to a sino-foreign co-operative joint venture.

On 11 November 2002, the Group submitted an application to the relevant PRC government authorities for approval of a proposed amendment to the Joint Venture Contract ("JV Contract") and Joint Venture Articles ("JV Articles") of SHMPI.

On 8 September 2004, the Group received approval from State Administration for Industry and Commerce (國家工商行政管理總局) to convert SHMPI from a sino-foreign cooperative joint venture to a wholly foreign owned enterprise ("WFOE") and the registered capital of SHMPI was increased by US$13.5 million (approximately $105,300,000) to US$15.3 million (approximately $119,340,000), while the total investment in SHMPI was increased by US$43 million (approximately $335,400,000) from US$2.5 million (approximately $19,500,000) to US$45.5 million (approximately $354,900,000). The certificate of approval was issued by 中華人民共和國商務部 on 13 October 2004.

The equity interest of SHMPI held by the Group was increased from 91.5% to 100.0% following the approval to convert to a WFOE.

(2) Nanjing Media Partners International Public Transport Advertising Co., Ltd. ("NJMPI") was established in the PRC on 22 March 1999 as a sino-foreign co-operative joint venture with a term of 15 years. The Group is entitled to 80% of the profits or losses of NJMPI for the first six years from 22 March 1999. Effective 23 March 2005, the Group will be entitled to 50% of the profits or losses of NJMPI.

(3) Chongqing MPI Public Transportation Advertising Co., Ltd. ("CQMPI") was established in the PRC on 23 September 1999 as a sino-foreign co-operative joint venture with a term of 30 years. The Group is entitled to 80% of the profits or losses of CQMPI for the first eleven years from 23 September 1999. Thereafter, the Group will be entitled to 60% of the profits or losses of CQMPI.

(4) Chengdu MPI Public Transport Advertising Co. Ltd ("CDMPI") was established in the PRC on 28 May 2002 as a sino-foreign co-operative joint venture with a term of 30 years. The Group is entitled to 50% of profits or losses of CDMPI over the term of co-operative joint venture and is entitled to appoint five out of nine directors on the board of directors. The Group has accounted for the financial results of CDMPI as a subsidiary, notwithstanding that the Group's equity interest is only 50% as, in the opinion of the directors of the Company, the Group is able to exercise effective control over the financial and operating decisions of CDMPI.

14. INTEREST IN ASSOCIATES

	The group	
	2004	**2003**
	$'000	*$'000*
Share of net assets other than goodwill	9,365	4,427

Name of company	Place of incorporation/ operation	Issued share capital/ registered capital	Attributable proportion of equity interest directly	Attributable proportion of equity interest indirectly	Principal activities
POAD Group Limited ("POAD")	Hong Kong	$1,000	–	49%	Provision of advertising production and agency services

15. INTEREST IN JOINTLY CONTROLLED ENTITIES

	The group	
	2004	**2003**
	$'000	*$'000*
Share of net assets other than goodwill	68,206	63,054
Amounts due from a jointly controlled entity	18,868	18,868
	87,074	81,922

Details of the Group's interest in the jointly controlled entities are as follows:

Name of Company	Form of business structure	Place of incorporation/ establishment and operation	Particulars of registered capital	Group's share of profits of losses	Principal activities
Shanghai Metro-ads Advertising Co., Ltd. *(Note a)*	Co-operative joint venture	People's Republic of China	US$2,100,000	90%	Outdoor advertising agent
Guangzhou Yong Tong Metro Advertising Company Limited *(Note b)*	Co-operative joint venture	People's Republic of China	RMB23,400,000	32.5%	Outdoor advertising agent
Shanghai Zhonghle Vechicle Painting Co. Ltd *(Note c)*	Equity joint venture	Pepole's Republic of China	US$300,000	40%	Vehicle signage production

(a) Shanghai Metro-ads Advertising Co., Ltd

Shanghai Metro-ads Advertising Co., Ltd. ("Shanghai Metro JV") was established by a subsidiary of the Group and 上海地鐵廣告公司 under a joint venture agreement dated 2 July 1993. Throughout the joint venture period, 3% and 22% of the total net sales of Shanghai Metro JV are to be paid to 上海地鐵廣告公司 and 上海市地鐵總公司 , an entity related to 上海地鐵廣告公司, respectively, as a guaranteed return. The profit or loss after taxation of Shanghai Metro JV, after payment of the guaranteed return, is shared by the subsidiary of the Group and 上海地鐵廣告公司 in the ratio of 90:10, respectively. The joint venture is for a period of 18 years from 7 December 1993 to 6 December 2011.

The Group's interest in Shanghai Metro JV is held through a wholly-owned subsidiary which has contributed 100% of the registered capital.

Notwithstanding the contribution of 100% of the registered capital and the profit sharing arrangements of Shanghai Metro JV, the Group accounts for this investment as a jointly controlled entity as it only has joint control of the board of directors.

The following supplementary financial information is disclosed relating to the Group's jointly controlled entity, Shanghai Metro JV, which is extracted from its audited financial statements.

Results for the years ended 31 December 2004 and 2003

	2004	**2003**
	$'000	*$'000*
Turnover	123,563	85,033
Profit from ordinary activities before taxation	34,022	24,396
Taxation	(11,267)	(7,745)
Profit for the year	22,755	16,651

Assets and liabilities as at 31 December 2004 and

	2004	**2003**
	$'000	*$'000*
Non-current assets	8,184	8,392
Current assets	58,267	49,706
Current liabilities	(29,025)	(24,539)
	37,426	33,559

(b) Guangzhou Yong Tong Metro Advertising Company Limited

The Group's interest in Guangzhou Yong Tong Metro Advertising Company Limited ("Guangzhou Metro JV") is held under a joint venture agreement dated 26 August 1999. The Group obtained the approval for the establishment of Guangzhou Metro JV on 9 March 2000. Throughout the joint venture period, the Group is entitled to share 32.5% of the financial results and net assets of Guangzhou Metro JV in accordance with the terms of the joint venture agreement. The joint venture is for a period of 10 years from 10 May 2000 to 10 May 2010.

The Group's interest in Guangzhou Metro JV is held through a wholly-owned subsidiary which has contributed 100% of the registered capital.

Amounts due from the jointly controlled entity of $18,868,000 are non-interest bearing, unsecured and have no fixed terms of repayment. These amounts represent part of the total cost of purchase of a property in Guangzhou and may not be settled before 31 December 2005 (see note 37 for further details).

(c) Shanghai Zhongle Vehicle Painting Co. Ltd

Shanghai Zhongle Vehicle Painting Co. Ltd ("Shanghai Production JV") was established by a subsidiary of the Group and 上海德天汽車油漆噴塗有限公司 under a joint venture agreement in 2002. The Group obtained the approval for the establishment of Shanghai Production JV on 14 August 2002. Throughout the joint venture period, the Group is entitled to share 40% of the financial results and net assets of Shanghai Production JV in accordance with the terms of the joint venture agreement. The joint venture is for a period of 15 years from 28 September 2002 to 27 September 2017.

The Group's interest in Shanghai Production JV is held through a wholly-owned subsidiary which has contributed 40% of the registered capital.

16. ADVERTISING RIGHTS

	The group
	$'000
Cost:	
At 1 January 2004	467,068
Additions	1,589
Disposals	(9,283)
At 31 December 2004	459,374
Accumulated amortisation:	
At 1 January 2004	175,485
Charge for the year	36,851
Written back on disposal	(2,301)
At 31 December 2004	210,035
Net book value:	
At 31 December 2004	249,339
At 31 December 2003	291,583

Pursuant to agreements signed between certain subsidiaries of the Group and various companies in the PRC, the Group has acquired exclusive advertising rights to certain bus routes, billboards and street furniture in major cities in the PRC. The cost of advertising rights represents fees paid to secure exclusive advertising rights over fixed periods of time which normally range from 5 to 20 years.

The amortisation charge for the year is included in "profit/(loss) from operations" in the consolidated profit and loss account.

17. OTHER INVESTMENTS

Other investments represent an amount of $49,528,000 (equivalent to RMB52,500,000) (2003: $35,849,000 (equivalent to RMB38,000,000)) paid by a subsidiary of the Company to an independent third party in respect of a commercial arrangement for the planning, development and marketing of certain existing and future advertising media in Shanghai ("the Arrangement").

The term of the Arrangement is for the period of 20 years from 1 November 2002 to 31 October 2022. For the period from the effective date of the Arrangement to December 2005, the independent third party warrants that the subsidiary shall receive (i) advertising consultancy fees from the independent third party, being $11,321,000 (RMB12,000,000) for the year ended 31 December 2003, $16,509,000 (RMB17,500,000) for the year ended 31 December 2004 and $17,925,000 (RMB19,000,000) for the year ending 31 December 2005, and (ii) an additional amount per annum (if any) representing 35% of the annual pre-tax operating profit derived from the Arrangement after deducting the advertising consultancy fees.

For each year of the remainder of the Arrangement, the independent third party will undertake to pay 35% of the annual pre-tax operating profit derived from the Arrangement to the subsidiary.

Barring unanticipated developments, it is the present intention of the Group to replace the current Arrangement by establishing a joint venture with the independent third party in the foreseeable future subject to and in compliance with the prevailing PRC legislation and government policies.

18. GOODWILL

	The group
	$'000
Cost:	
At 1 January 2004 and 31 December 2004	3,059
Accumulated amortisation:	
At 1 January 2004	505
Charge for the year	319
At 31 December 2004	824
Carrying amount:	
At 31 December 2004	2,235
At 31 December 2003	2,554

Goodwill arose from the acquisition of the remaining 5% interest in Metrolink Investments Ltd. ("Metrolink") from the minority shareholders for a consideration of $3,500,000 in 2002.

Goodwill is amortised on a straight-line basis over a period of 9.5 years. The amortisation charge for the year is included in "profit/(loss) from operations" in the consolidated profit and loss account.

19. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The group		The company	
	2004	**2003**	**2004**	**2003**
	$'000	*$'000*	*$'000*	*$'000*
Accounts receivable	43,675	32,841	–	–
Other receivables and prepayments	11,821	16,149	189	48
Utility and rental deposits	56,404	60,598	–	–
Amounts due from joint venture partners	10,003	5,679	–	–
Others	3,229	2,614	–	–
	81,457	85,040	189	48

The amount of other receivables, deposits, and prepayments of the Group expected to be recovered after more than one year is $32,676,000 (2003: $6,886,000). The remaining amount is expected to be recovered within one year.

An ageing analysis of accounts receivable at the year end is as follows:

	The group	
	2004	**2003**
	$'000	*$'000*
Current	25,363	11,781
One to three months overdue	17,490	15,581
More than three months overdue	822	5,479
	43,675	32,841

Debts are due within 30 days from the date of billing.

20. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

The amounts due from jointly controlled entities are interest free, unsecured and repayable on demand.

21. AMOUNTS DUE FROM MINORITY SHAREHOLDERS

The amounts due from minority shareholders are non-interest bearing, unsecured and repayable on demand except for amounts of $1,138,000 (2003: $1,950,000) which are interest bearing at a rate of 2% (2003: 2%) per annum.

All amounts due from minority shareholders are expected to be recovered within one year.

22. AMOUNTS DUE FROM/TO RELATED COMPANIES

The amounts due from/to related companies are interest free, unsecured and repayable on demand.

23. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits placed with banks as security for banking facilities made available to the Group. Of the total pledged deposits, $128,229,000 (2003: $199,928,000) was utilised to secure the bank loans set out in note 25.

24. CASH AND CASH EQUIVALENTS

	The group		The company	
	2004	**2003**	**2004**	**2003**
	$'000	*$'000*	*$'000*	*$'000*
Deposits with banks and other financial institutions	68,655	50,883	43,150	30,063
Cash at bank and in hand	140,022	89,405	1,887	3,624
Cash and cash equivalents in the balance sheet *(note (a))*	208,677	140,288	45,037	33,687

Notes:

(a) In July 2002, a subsidiary of the Group entered into an agreement with Beijing Urban Transit Railway Co., Ltd ("Beijing Rail") to secure the exclusive rights to operate and market the advertising media within the Beijing Light Rail System for a term of 18 years commencing from January 2003. The subsidiary of the Group agreed to place aggregate cash equivalents of $75,471,000 (equivalent to RMB80,000,000) into a jointly controlled bank account for the construction of advertising media facilities within the Beijing Light Rail System.

As at 31 December 2004, the Group had utilised $26,108,000 (2003: $24,519,000) in connection with the construction of advertising media. Interest receivable on the bank account amounted to $1,772,000 (2003: $909,000). Expenses paid on behalf of Beijing Rail amounted to $1,594,000 (RMB1,690,000) in 2003. Such expenses were reimbursed in 2004. Cash held by the Group under a jointly controlled bank account of $51,135,000 (2003: $50,267,000) is included in cash and cash equivalents of the Group at 31 December 2004.

(b) Cash and cash equivalents include $121,929,000 (2003: $82,562,000) which is denominated in Renminbi ("RMB") in the amount of RMB129,245,000 (2003: RMB87,516,000). RMB is not freely convertible into foreign currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, in certain circumstances the Group is permitted to exchange RMB for foreign currencies through banks authorised to conduct foreign exchange business.

25. BANK LOANS

	The group	
	2004	**2003**
	$'000	*$'000*
Bank loans		
– unsecured	–	7,075
– secured	220,472	250,327
	220,472	257,402

The banking facilities of certain subsidiaries are secured by deposits of $130,594,000 (2003: $202,188,000) placed with banks at 31 December 2004. Such banking facilities, amounting to $421,887,000 (2003: $516,226,000), were utilised in respect of bank loans and bank guarantees to the extent of $220,472,000 (2003: $257,402,000) and $4,730,000 (2003: $4,520,000) respectively.

The secured bank loans of $220,472,000 (2003: $250,327,000) are secured by term deposits of $128,229,000 (2003: $199,928,000) pledged with banks and guarantees granted by the Company.

All the bank loans are repayable within one year or on demand.

26. ENTRUSTED LOAN

Pursuant to an entrusted loan agreement entered into between a subsidiary of the Group and a jointly controlled entity of the Group in August 2004, a designated account with a balance of RMB20,550,000 (equivalent to $19,387,000) ("designated deposit") was placed by the jointly controlled entity of the Group as security for a loan of the same amount advanced to the subsidiary of the Group ("entrusted loan").

The entrusted loan is interest free and is secured by the designated deposit placed by the jointly controlled entity of the Group. The entrusted loan of RMB20,550,000 (equivalent to $19,387,000) at 31 December 2004 is expected to be settled before 31 December 2005.

27. ACCOUNTS PAYABLE, OTHER PAYABLES, DEPOSITS AND PROVISIONS

	The group		The company	
	2004	**2003**	**2004**	**2003**
	$'000	*$'000*	*$'000*	*$'000*
Accounts payable	20,532	49,948	–	–

	The group		The company	
	2004	2003	2004	2003
	$'000	*$'000*	*$'000*	*$'000*
Other payables	10,093	7,582	33	101
Deferred revenue	2,750	2,979	–	–
Deposits received in advance	33,603	23,442	–	–
Accrued expenses	14,943	12,241	2,690	1,252
Provision for onerous contracts *(note 27(b))*	507	1,505	–	–
	61,896	47,749	2,723	1,353

Deferred revenue represents the amounts received before the related work was performed.

Deposits received in advance represent advertising site rental deposits received from advertisers and advances from customers.

The amount of other payables and accrued expenses expected to be settled after more than one year is $933,000 (2003: $1,623,000).

(a) Included in accounts payable, other payables, deposits and accruals are accounts payable with the following ageing analysis:

	The group	
	2004	2003
	$'000	*$'000*
Current	2,479	4,087
One to three months	6,343	5,868
More than three months	11,710	39,993
	20,532	49,948

(b) Provision for onerous contracts

	The group	
	2004	2003
	$'000	*$'000*
Balance at 1 January	1,505	12,626
Provisions utilised during the year	(998)	(11,121)
Balance at 31 December	507	1,505

28. AMOUNTS DUE TO JOINTLY CONTROLLED ENTITIES

The amounts due to jointly controlled entities are interest free, unsecured and repayable on demand.

29. EMPLOYEE RETIREMENT BENEFITS

Set out below are certain particulars of defined contribution retirement schemes operated by the Group.

(a) Nature of the schemes

The Group participates in Mandatory Provident Fund ("MPF") schemes operated by an approved MPF trustee. All employees of the Group's subsidiaries in Hong Kong make monthly contributions to the MPF schemes at 5% of the employees' monthly salaries and the Group makes monthly contributions to the MPF schemes at 5% to 10% of the employees' monthly salaries. The Group's mandatory contributions which comply with the minimum requirements of the Mandatory Provident Fund Schemes Ordinance will be fully and immediately vested in the employees' accounts as their accrued benefits in the schemes. In respect of the Group's voluntary contributions to the MPF schemes for the employees, the employees are entitled to receive 100% of the Group's contributions and accrued interest thereon upon retirement or upon leaving the Group after completing ten years of service, or at a reduced scale of between 10% to 90% after completing one to nine years of service.

The employees of the Group's subsidiaries in the PRC, are members of central pension schemes operated by the local governments in the PRC and these subsidiaries make mandatory contributions to these central pension schemes to fund the employees' retirement benefits. The retirement contributions paid by the PRC subsidiaries are based on certain percentages of the employees' salaries cost in accordance with the relevant regulations in the PRC, which range from 3% to 22% (2003: 9% to 22%), and are charged to the consolidated profit and loss account as incurred. The Group discharges its retirement obligations upon payment of the retirement contributions to the central pension schemes operated by the local governments in the PRC.

(b) Retirement benefit costs for the year were as follows:

	The group	
	2004	**2003**
	$'000	*$'000*
Retirement contributions payable to retirement schemes	1,942	2,814
Forfeited contributions refunded to the Group	(77)	(252)
Total net contributions payable to retirement schemes	1,865	2,562

30. TAXATION

	The group	
	2004	**2003**
	$'000	*$'000*
Provision for FEIT in the PRC for the year	8,704	6,938
Tax paid during the year	(6,273)	(5,551)
Taxation payable	2,431	1,387

31. CONVERTIBLE BOND

	The group and the company	
	2004	**2003**
	$'000	*$'000*
Original Convertible Bond		
At 1 January	85,000	85,000
Cancelled during the year *(note (a))*	(85,000)	–
At 31 December	–	85,000
New Convertible Bond		
At 1 January	–	–
Issued during the year *(note (b))*	85,000	–
At 31 December	85,000	–

Notes:

(a) Original Convertible Bond

The term of the Original Convertible Bond ("Original CB") was for the period from 9 January 2002 to 31 December 2004. Interest was payable at the rate of 2.5% per annum, semi-annually in arrears. The Group obtained a 50% waiver of interest payable to the holder of the Original CB for the period from 9 January 2003 to 8 January 2004.

The holder of the Original CB, Morningside CyberVentures Holdings Limited, ("Bond Holder") had, subject to certain conditions, the right at any time following the expiry of six months from 31 January 2002 (i.e. 31 July 2002) to covert part or all of the Original CB into shares of the Company at a price of $1.21 per share.

Unless previously repurchased, cancelled, redeemed or converted, the Original CB would be redeemed at its principal amount together with any accrued interest on maturity.

The Bond Holder had undertaken not to demand repayment of the principal sum of $85,000,000 due under the Original CB for a period of 12 months from 31 December 2004.

The Original CB was effectively cancelled upon the issue of the New Convertible Bond as set out in note (b) below.

(b) New Convertible Bond

On 13 October 2004, the Company entered into an agreement with the Bond Holder whereby the Company agreed to issue a new Convertible Bond ("New CB") in the principal amount of $85,000,000. The New CB was issued to the Bond Holder on 31 December 2004 in return for the cancellation of the Original CB which was expired on 31 December 2004.

The term of the New CB is for the period from 31 December 2004 to 31 December 2007 (the "maturity date"). No interest is payable by the Company to the Bond Holder for the period from 31 December 2004 to 31 December 2007.

The New CB or any part thereof is convertible into the Company's shares at a price of $0.50 per share (subject to adjustments), at the option of the Bond Holder during the period commencing from 31 December 2004 to 31 December 2007.

Unless previously repurchased, cancelled, redeemed or converted, the New CB will be redeemed by the Company on the maturity date at a redemption amount equal to 103% of the principal amount, which implies a yield to maturity of approximately 0.99% per annum to the Bond Holder.

32. DEFERRED TAXATION

(a) Deferred tax (assets)/liabilities recognised:

The group

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of the related depreciation	Future benefit of tax losses	Total
	$'000	*$'000*	*$'000*
At 1 January 2004	45	–	45
Credited to the consolidated profit and loss account *(note 5(a))*	–	(4,256)	(4,256)
At 31 December 2004	45	(4,256)	(4,211)

	The group	
	2004	**2003**
	$'000	*$'000*
Net deferred tax assets recognised in the consolidated balance sheet *(note 5(a))*	(4,256)	–
Net deferred tax liabilities recognised in the consolidated balance sheet	45	45
	(4,211)	45

At 31 December 2004, the Group recognised deferred tax assets arising from the future benefits of tax losses derived from the PRC operations of $4,256,000 (2003: Nil). The deferred tax assets are recognised to the extent that the directors consider that it is probable that a subsidiary of the Group in the PRC will generate future taxable profits against which the deferred tax assets can be utilised, prior to their expiry.

(b) The major component of unprovided deferred taxation of the Group is the future benefit of tax losses of $7,066,000 (2003: $18,818,000).

The Group has not accounted for the deferred taxation assets attributable to the future benefit of tax losses generated from the Hong Kong operations as the availability of future taxable profits from the Hong Kong operations against which the assets can be utilised is uncertain at 31 December 2004. The tax losses of the Hong Kong operations do not expire under current tax legislation.

33. MINORITY INTERESTS

	The group 2004 *$'000*	2003 *$'000*
Amounts due to minority shareholders	6,845	5,901
Minority shareholders' share of net assets	18,384	15,091
	25,229	20,992

The amounts due to minority shareholders are interest free, unsecured and are not expected to be settled before 31 December 2005.

34. SHARE CAPITAL

	2004 *Number of shares*	*Amount* *$'000*	2003 *Number of shares*	*Amount* *$'000*
Authorised:				
At 1 January	1,000,000,000	100,000	1,000,000,000	100,000
Increase during the year	500,000,000	50,000	–	–
At 31 December	1,500,000,000	150,000	1,000,000,000	100,000
Issued and fully paid:				
At 1 January and 31 December	853,800,000	85,380	853,800,000	85,380

On 13 December 2004, the authorised share capital of the Company was increased from $100,000,000 to $150,000,000 by the creation of an additional 500,000,000 shares of $0.10 each ranking pari passu with the then existing shares in all respects.

Share option scheme (the "Scheme")

The Company conditionally adopted the Scheme on 7 January 2002 whereby any employees (whether or not full-time or part-time and, for the avoidance of doubt, including the Directors of the Group except Mr. Gerald Lokchung Chan) who, at the sole discretion of the Directors have, subject to the terms of the Scheme, contributed to the Group, may be granted options to subscribe for shares in the Company. Details of the Scheme are disclosed in the Directors' Report.

The maximum number of shares in respect of which options may be granted under the Scheme must not exceed 30% of the total number of shares of the Company in issue from time to time.

Pursuant to written resolutions of all the members of the Compensation Committee dated 20 May 2002 and 13 August 2002 respectively and the minutes of a Directors' meeting dated 13 August 2002, the Company granted options to subscribe for a total of 18,448,000 shares of the Company at exercise price of $0.62 per share which are exercisable during the period from 14 August 2003 to 13 August 2012, both dates inclusive.

(a) *Movements in share options*

	2004 *Number*	**2003** *Number*
At 1 January	15,938,000	17,328,000
Granted	–	–
Lapsed	(490,000)	(1,390,000)
At 31 December	15,448,000	15,938,000
Options vested at 31 December	7,661,500	3,984,500

(b) *Terms of unexpired and unexercised share options at the balance sheet date*

Date granted	Exercise period	Exercise price	2004 Number	2003 Number
14 August 2002	14 August 2003 to 13 August 2012	$0.62	15,448,000	15,938,000

(c) *Details of share options granted during the year*

No share options were granted during the year ended 31 December 2004 (2003: Nil).

(d) *Details of share options exercised during the year*

No share options were exercised during the year ended 31 December 2004 (2003: Nil).

35. RESERVES

(a) The group

	Share premium *$'000*	**Merger reserves** *$'000*	**Other capital reserves** *$'000*	**Exchange reserves** *$'000*	**Revenue reserves** *$'000*	**Total** *$'000*
At 1 January 2003	233,715	255,366	(61,518)	–	(63,939)	363,624
Movement for the year	–	–	–	1,064	–	1,064
Loss for the year	–	–	–	–	(21,774)	(21,774)
At 31 December 2003	233,715	255,366	(61,518)	1,064	(85,713)	342,914
At 1 January 2004	233,715	255,366	(61,518)	1,064	(85,713)	342,914
Movement for the year	–	–	–	(57)	–	(57)
Profit for the year	–	–	–	–	20,235	20,235
At 31 December 2004	233,715	255,366	(61,518)	1,007	(65,478)	363,092

Other capital reserves represent the excess/shortfall of the cost of investments in subsidiaries and associates over the appropriate share of the fair value of the net tangible assets acquired by the Group at the date of acquisition.

Merger reserves represent the amount of reserves of subsidiaries that has been capitalised as a result of share-for-share exchanges.

	2004	2003
	$'000	*$'000*
Profit/(loss) for the year is retained by:		
– The company and its subsidiaries	10,145	(25,082)
– Associates	4,938	1,641
– Jointly controlled entities	5,152	1,667
	20,235	(21,774)

Included in the figure for revenue reserves at 31 December 2004 are reserves of $8,995,000 (2003: $4,057,000) attributable to associates and reserves of $16,191,000 (2003: $11,039,000) attributable to the jointly controlled entities.

(b) The company

	Share premium	Revenue reserves	Total
	$'000	*$'000*	*$'000*
At 1 January 2003	233,715	(5,719)	227,996
Loss for the year	–	(4,394)	(4,394)
At 31 December 2003	233,715	(10,113)	223,602
At 1 January 2004	233,715	(10,113)	223,602
Loss for the year	–	(8,462)	(8,462)
At 31 December 2004	233,715	(18,575)	215,140

36. COMMITMENTS AND CONTINGENCIES

(i) Commitments under operating leases

At 31 December 2004, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	2004			2003		
	Property	Site rentals	Total	Property	Site rentals	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Within one year	4,094	84,646	88,740	2,575	44,439	47,014
After one year but within five years	4,228	285,709	289,937	3,525	267,677	271,202
After five years	1,792	495,886	497,678	2,311	588,665	590,976
	10,114	866,241	876,355	8,411	900,781	909,192

The Group leases a number of properties and advertising sites under operating leases. The leases typically run for an initial period of one to eighteen years. Certain leases contain an option to renew upon expiry when all terms are renegotiated. Certain leases contain a contingent rental element which is based on advertising fees receivable from customers.

(ii) Other commitments

(a) As at 31 December 2004, CQMPI, a subsidiary of the Group was a party to an agreement with its PRC joint venture partner to pay an annual fee in respect of the granting of certain bus media rights. The agreement is for the period from 1 November 1999 to 22 September 2029. $7,642,000 (RMB8,100,000) (2003: $5,377,000) is due within the next twelve months, $36,792,000 (RMB39,000,000) (2003: $33,679,000) is due after one year but within five years and $10,755,000 (RMB11,400,000) (2003: $21,510,000) is due after five years. The aggregate amount payable by the Group to the PRC joint venture partner up to 31 December 2010 is $55,189,000 (RMB58,500,000) (2003: $60,566,000). For the years from 2011 and onwards, the annual fee will be determined through commercial negotiation between CQMPI and its PRC joint venture partner. In view of the above, the commitments mentioned above have not taken into account the annual fee to be payable by CQMPI to its PRC joint venture partner during the years from 2011 to 2029 as the amounts payable cannot be reasonably estimated.

(b) As at 31 December 2004, Media Partners International Holdings Limited, a subsidiary of the Group had entered into an agreement with an independent third party in respect of the provision of advertising agency services and the enhancement of the Group's metro advertising management system. The terms of the agreement are for the period from 5 September 2003 to 4 September 2008. $529,000 (JPY7,000,000) (2003: $1,265,000) is payable within one year and $Nil (2003: $506,000) is payable after one year but within five years.

The above commitments are not included in the operating lease commitments disclosed in note 36(i) above.

(iii) Capital commitments

(a) In July 2004, pursuant to the Joint Venture Agreement and subject to relevant approvals from the related PRC regulatory authorities, which may be subject to such conditions as they may consider appropriate, the Group entered into a sino-foreign co-operative joint venture agreement with an independent third party to establish a joint venture, namely Nanjing Metro Media Partners Advertising Co., Ltd (南京地鐵媒體伯樂廣告有限公司) ("Nanjing Metro MPI") in the PRC which engages in the design, production, dissemination and publishing and act as an agent for the placement of all kinds of advertisements in or outside Mainland China. The Group and the independent third party own 98% and 2% of Nanjing Metro MPI respectively.

The total investment is RMB120 million ($113.2 million) and the registered capital is RMB60 million ($56.6 million), whereby the Group will contribute cash of RMB58.8 million ($55.5 million) and the independent third party RMB1.2 million ($1.1 million).

The term of Nanjing Metro MPI is for 18 years starting from the date of commencement of official operations of the Nanjing Metro Line 1 (Phase 1). Nanjing Metro MPI has not yet been established as at 31 December 2004.

Capital commitments in respect of Nanjing Metro MPI which have been contracted for by the Group as at 31 December 2004 are as follows:

	RMB'000	*$'000*
Capital commitments contracted for:		
– Within 90 days from the date of issue of the business licence	29,400	27,736
– In the second year from the date of issue of the business licence	19,600	18,491
– In the third year from the date of issue of the business licence	9,800	9,245

(b) In September 2004, a wholly-owned subsidiary of the Group and an independent third party entered into a joint venture agreement to establish a joint venture named "Shanghai Donghu – MPI Advertising Company Limited" ("Donghu MPI").

The Group obtained the approval for the establishment of Donghu MPI on 13 January 2005. Capital commitments which have been contracted for by the Group as at 31 December 2004 total US$840,000 (equivalent to $6,552,000) and are payable before 31 December 2005.

(iv) Contingent liabilities

At 31 December 2004, the Group had contingent liabilities amounting to $13,315,000 (2003: $4,520,000) in respect of bank guarantees given to independent third parties in the ordinary course of business to ensure the due performance and observance of the obligations of a subsidiary and a jointly controlled entity to certain agreements.

At 31 December 2004, guarantees given by the Company to banks to secure banking facilities made available to the subsidiaries amounted to $229,340,000 (2003: $132,170,000).

37. MATERIAL RELATED PARTY TRANSACTIONS

The following transactions represent material and significant related party transactions between the Group and related parties identified by management:

In the Directors' opinion, the transactions noted below were entered into in the ordinary course of business and on normal commercial terms.

	Note	2004 *$'000*	2003 *$'000*
Income			
Management fees and other related service fees	(a)		
– Guangzhou Yong Tong Metro Advertising Company Limited	(i)	5,557	4,689
– Shanghai Metro-ads Advertising Co., Ltd.	(i)	3,960	3,960
		9,517	8,649
Advertising and other related service fees	(b)		
– POAD	(v)	1,236	359
– Guangzhou Yong Tong Metro Advertising Company Limited	(i)	8,391	619
– Shanghai Metro-ads Advertising Co., Ltd.	(i)	1,121	–
		10,748	978
Loan interest income			
– Minority shareholder	(c)	23	38

	Note	2004 $'000	2003 $'000
Expenses			
Advertising and other related services	(b)		
– Shanghai Zhongle	(i)	18,975	12,826
– Guangzhou Yong Tong Metro Advertising Company Limited	(i)	1,315	726
– POAD	(v)	313	763
		20,603	14,315
Office rentals	(d)		
– Hang Lung Real Estate Agency Limited	(iv)	628	649
– Nobel State Company Limited	(ii)	1,349	915
		1,977	1,564
Administrative fees	(e)		
– MTI Administration Limited	(ii)	300	400
Consultancy fees	(f)		
– Springfield Financial Advisory Limited	(ii)	156	123
Advertising fees	(g)		
– 成都運興公交有限公司	(iii)	6,607	7,413
Interest on Convertible Bond	(h)		
– Morningside CyberVentures Holdings Limited	31 & (ii)	2,108	1,086

Notes:

Nature and the basis of the related party transactions are set out below:

(a) Management fees for accounting, administration and other related service fees are calculated based on the pre-determined rates specified in the underlying management fee agreements signed between the Group and the jointly controlled entities.

(b) Advertising and other related service fees are charged based on the amounts agreed between the Group and the related parties by reference to similar transactions with outside customers.

(c) Loan interest income received from the minority shareholder of Best Reward Venture Limited is calculated at a rate of 2% per annum on the outstanding loan advanced to the minority shareholder.

(d) Office rentals are payable at a pre-determined amounts per month by reference to market rates in accordance with the terms of the tenancy agreements signed by the Group and the related parties.

(e) On 9 January 2002, the Company entered into an administrative services agreement with MTI Administration Limited ("MTI"), a wholly owned subsidiary of MSCV, the ultimate holding company, to provide or procure the provision of administrative services to the Group. The Company agreed to pay MTI, on a monthly basis, a proportion of the monthly total staff costs in relation to such administrative services.

(f) Consultancy fees are charged based on the services provided to the Group by the related party by reference to similar transactions with outside customers.

(g) CDMPI pays 成都運興公交有限公司 ("Bus JV") 70% of the amounts received by it for the placement of advertisements on the buses owned by Bus JV and retains the remaining 30% to cover its agency fees and management fees.

(h) Interest on the Convertible Bond payable to MSCV is calculated at a rate of 2.5% per annum, semi-annually in arrears. For the period from 9 January 2003 to 8 January 2004, MSCV agreed to waive 50% of the interest payable by the Group in respect of the Convertible Bond.

Details of the relationship between the related parties and the Group are set out below:

(i) Jointly controlled entities of the Group.

(ii) Part of the Morningside group, companies controlled by various trusts established by Madam Chan Tan Ching Fen, the mother of Mr. Gerald Lokchung Chan (the non executive director of the Company) for the benefit of certain members of her family and other charitable objects, excluding Hang Lung Group Limited ("Hang Lung") and its subsidiaries.

(iii) Bus JV, a PRC sino-foreign co-operative joint venture where the foreign partner, MPI Transportation Company Limited, is part of the Morningside group and contributed 64% of the registered capital.

(iv) A member of Hang Lung which is controlled by the trustees of trusts established by Madam Chan Tan Ching Fen, the discretionary objects of one of which includes an Associate (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of Mr. Gerald Lokchung Chan, the non-executive director of the Company.

(v) Associate of the Group.

Transfers of assets from the Group to Guangzhou Metro JV

The Group holds the legal title of a property in Guangzhou, the PRC. The property was transferred to Guangzhou Metro JV pursuant to an agreement signed between the Guangzhou Metro Corporation and MPIL on 26 August 1999. The agreement was signed in respect of the establishment of Guangzhou Metro JV. The property is currently occupied as an office by Guangzhou Metro Corporation, the PRC partner of Guangzhou Metro JV and 廣州地鐵實業有限公司, a subsidiary of Guangzhou Metro Corporation, whereas Guangzhou Metro JV currently occupies a property as an office being held by the PRC partner in the same building. Such occupancy arrangements were determined after arm's length negotiation. The property was transferred at a value of $27,830,000 (RMB29,778,000), being the original cost to MPIL, with no profit or loss incurred on disposal by MPIL. Of the $27,830,000, $9,138,000 (RMB9,778,000) was transferred to Guangzhou Metro JV by way of an asset injection. As at 31 December 2004, the remaining amount of $18,868,000 (RMB20,000,000) (2003: $18,868,000 (RMB20,000,000)) was due from Guangzhou Metro JV in respect of the above transfer which amount is non-interest bearing, unsecured and has no fixed terms of repayment.

Amounts due to and from related parties

Amounts due to and from related parties at 31 December 2004 are set out in the consolidated balance sheet of the Group.

Entrusted loan advanced by a subsidiary of the Group

Pursuant to an entrusted loan agreement entered into between a subsidiary of the Group and a jointly controlled entity of the Group in August 2004, a designated account with a balance of RMB20,550,000 (equivalent to $19,387,000) ("designated deposit") was placed by the jointly controlled entity of the Group as security for a loan of the same amount advanced to the subsidiary of the Group ("entrusted loan").

The entrusted loan is interest free and is secured by the designated deposit placed by the jointly controlled entity of the Group. The entrusted loan of RMB20,550,000 (equivalent to $19,387,000) at 31 December 2004 is expected to be settled before 31 December 2005.

Contingent liabilities

At 31 December 2004, a subsidiary had contingent liabilities amounting to $8,585,000 (2003: Nil) in respect of a bank guarantee given to an independent third party in the ordinary course of business to ensure the due performance and the observance of the obligations of a jointly controlled entity to an agreement.

38. POST BALANCE SHEET EVENTS

The following events occurred subsequent to 31 December 2004 up to the date of approval of these financial statements by the board of Directors:

(a) In September 2004, a wholly-owned subsidiary of the Group and an independent third party entered into a joint venture agreement to establish a joint venture named "Shanghai Donghu – MPI Advertising Company Limited" ("Donghu MPI").

The Group obtained the approval for the establishment of Donghu MPI on 13 January 2005. Throughout the joint venture period, the Group is entitled to share 70% of the financial results and net assets of Donghu MPI in accordance with the terms of the joint venture agreement. The joint venture is for a period of 10 years from 17 January 2005 to 16 January 2015. Details of the capital commitments of the Group in this regard are set out in note 36(iii)(b).

(b) On 15 January 2005, the Group entered into an agreement with Morningside CyberVentures Holdings Limited, the ultimate holding company, for a term loan facilities of US$22 million ($171.6 million). The facilities are unsecured and interest bearing at market rates. The loan facilities were secured for the purpose of providing additional general working capital to the Group and are repayable within twelve months from the date of advance.

39. RECENTLY ISSUED ACCOUNTING STANDARDS

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004.

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

40. ULTIMATE HOLDING COMPANY

The Directors of the Company consider MSCV, a company incorporated in the British Virgin Islands, to be the ultimate holding company at 31 December 2004.

Set out below are the unaudited consolidated profit and loss account, unaudited consolidated balance sheet and notes to the financial statements of the Group extracted from the interim report of the Group for the six months ended 30 June 2005.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months and six months ended 30 June 2005 – UNAUDITED

		For the three months ended 30 June		For the six months ended 30 June	
		2005	**2004**	**2005**	**2004**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Operating revenue					
Turnover	2	103,200	82,549	178,764	151,051
Other revenue		5,556	3,153	9,507	6,276
Operating expenses					
Site rental		(37,846)	(26,114)	(71,206)	(48,945)
Other direct costs		(36,938)	(28,154)	(57,295)	(48,715)
Staff costs		(8,940)	(8,536)	(16,910)	(15,954)
Depreciation and amortisation		(10,748)	(10,824)	(21,552)	(21,568)
Other operating expenses		(7,092)	(7,666)	(14,294)	(14,902)
Profit from operations		7,192	4,408	7,014	7,243
Finance costs	3(a)	(3,302)	(3,930)	(6,214)	(7,594)
Share of profits less losses of an associate		1,222	1,436	2,586	2,758
Share of profits less losses of jointly controlled entities		12,901	9,971	20,016	15,129
Profit from ordinary activities before taxation	3	18,013	11,885	23,402	17,536
Income tax	4	(7,705)	(5,692)	(10,389)	(9,446)
Profit for the period		10,308	6,193	13,013	8,090
Attributable to:					
Equity holders of the Company		7,979	5,275	10,379	6,690
Minority interests		2,329	918	2,634	1,400
Profit for the period		10,308	6,193	13,013	8,090
Earnings per share – Basic	5	0.93 cents	0.62 cents	1.22 cents	0.78 cents
Earnings per share – Diluted	5	0.82 cents	N/A	1.09 cents	N/A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005 – UNAUDITED

	Share Capital HK$'000	Share premium HK$'000	Merger reserves HK$'000	Other capital reserves HK$'000	Option reserves HK$'000	Exchange reserves HK$'000	Revenue reserves HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2004	85,380	233,715	255,366	(61,518)	–	1,064	(85,713)	428,294	20,992	449,286
Movement during the period						(58)		(58)	1,033	975
Profit for the period							6,690	6,690	1,400	8,090
At 30 June 2004	85,380	233,715	255,366	(61,518)	–	1,006	(79,023)	434,926	23,425	458,351
At 1 January 2005										
– as previously reported	85,380	233,715	255,366	(61,518)	–	1,007	(65,478)	448,472	25,229	473,701
– prior period adjustment in respect of convertible bond					2,433			2,433		2,433
– transfer to revenue reserves from other capital reserves in respect of negative goodwill				(12,527)			12,527	–		–
– as restated	85,380	233,715	255,366	(74,045)	2,433	1,007	(52,951)	450,905	25,229	476,134
Movement in respect of share options during the period				263				263		263
Movement during the period									4,065	4,065
Dividends paid to minority interests by a subsidiary								–	(2,489)	(2,489)
Profit for the period							10,379	10,379	2,634	13,013
At 30 June 2005	85,380	233,715	255,366	(73,782)	2,433	1,007	(42,572)	461,547	29,439	490,986

CONSOLIDATED BALANCE SHEET

At 30 June 2005 – UNAUDITED

	Note	30 June 2005 HK$'000	31 December 2004 (Audited & restated) HK$'000
Non-current assets			
Fixed assets	7	21,186	14,210
Interest in an associate		5,566	9,365
Interest in jointly controlled entities		81,512	68,206
Amount due from a jointly controlled entity		18,868	18,868
Advertising rights	8	233,383	249,339
Other investments	9	49,528	49,528
Goodwill		2,235	2,235
Deferred tax assets		3,840	4,256
		416,118	416,007
Current assets			
Accounts receivable	10	46,885	43,675
Other receivables, deposits and prepayments		109,933	81,457
Amounts due from associates		240	–
Amounts due from jointly controlled entities		24,405	25,348
Amounts due from minority shareholders		1,930	2,514
Amounts due from related companies		9	9
Pledged bank deposits		119,896	130,594
Cash and cash equivalents		211,522	208,677
		514,820	492,274
Current liabilities			
Bank loans		172,358	220,472
Entrusted loan		19,387	19,387
Loan from shareholder		6,581	–
Accounts payable	11	16,673	20,532
Other payables, deposits and accruals		58,928	61,896
Amounts due to jointly controlled entities		20,641	18,416
Amounts due to related companies		9,057	6,401
Taxation payable		2,901	2,431
		306,526	349,535
Net current assets		208,294	142,739
Total assets less current liabilities		624,412	558,746
Non-current liabilities			
Bank loans		50,000	–
Convertible Bond	12	83,381	82,567
Deferred taxation		45	45
		133,426	82,612
NET ASSETS		490,986	476,134
CAPITAL AND RESERVES			
Share capital	13	85,380	85,380
Reserves	14	376,167	365,525
Total equity attributable to equity holders of the Company		461,547	450,905
Minority interests	14	29,439	25,229
TOTAL EQUITY	14	490,986	476,134

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2005 – UNAUDITED

	For the six months ended 30 June	
	2005	**2004**
	HK$'000	*HK$'000*
Net cash generated from operating activities	24,375	36,709
Net cash (used in)/generated from investing activities	(22,079)	2,550
Net cash generated from financing activities	549	6,681
Net increase in cash and cash equivalents	2,845	45,940
Cash and cash equivalents at 1 January	208,677	140,288
Cash and cash equivalents at 30 June	211,522	186,228

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. Principal accounting policies and basis of presentation

The interim financial report has not been audited by the Company's auditors but has been reviewed by the Company's audit committee.

The interim financial report has been prepared in accordance with the requirements of the Growth Enterprise Market Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Statement of Hong Kong Accounting Standards 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

In 2004, the HKICPA issued a number of new or revised Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Standards ("HKFRSs") (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The same accounting policies adopted in the consolidated financial statements of the Group for the year ended 31 December 2004 have been applied to the interim financial report except for the accounting policy changes that are expected to be reflected in the 2005 annual financial statements. Details of these changes in accounting policies are described below.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The financial information relating to the financial year ended 31 December 2004 that is included in the interim financial report as being previously reported information, does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2004 are available from the Company's principal place of business in Hong Kong. The auditors have expressed an unqualified audit opinion on those financial statements in their report dated 15 March 2005.

All significant intra-group transactions and balances have been eliminated on consolidation.

(i) Amortisation of goodwill (HKFRS 3, Business combinations and HKAS 36, Impairment of assets)

In prior years, positive goodwill was capitalised and amortised to the consolidated profit and loss account on a straight-line basis over its estimated useful life which did not exceed 20 years.

With effect from 1 January 2005, in accordance with HKFRS 3 and HKAS 36, the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under HKFRS 3. As a result, comparative amounts have not been restated. The cumulative amount of amortisation as at 1 January 2005 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the consolidated profit and loss account for the six months ended 30 June 2005. This has increased the Group's profit after tax for the six months ended 30 June 2005 by HK$160,000.

In addition, the carrying amount of negative goodwill as at 1 January 2004 in respect of the amounts previously credited to the capital reserve, has been credited to the opening balance of revenue reserves at 1 January 2005. As a result, the Group's opening revenue reserves as at 1 January 2005 increased by HK$12,527,000 with a corresponding decrease in the other capital reserves of HK$12,527,000 at that date.

(ii) Convertible bond (HKAS 32, Financial instruments: disclosure and presentation and HKAS 39, Financial instruments: recognition and measurement)

In prior years, the convertible bond issued by the Company was stated at cost and interest on the convertible bond was charged to the consolidated profit and loss account on an accruals basis.

Following the adoption of HKAS 32 and HKAS 39, convertible bonds that are convertible to share capital at the option of the holder, where the number of shares which may be issued does not vary with changes in their fair value, are accounted for as compound financial instruments with both a liability and an equity component.

- The liability component of a convertible bond is calculated as the present value of the future interest and principal payments, discounted at a market rate of interest applicable to similar liabilities that do not have a conversion option. The liability component is stated net of unamortised transaction costs and unamortised discounts on issue, if any.

- The equity component is calculated as the excess of the issue proceeds over the liability component.

- Transaction costs incurred on issuance of convertible bonds are allocated to the component parts in proportion to the allocation of proceeds.

- If the convertible bond is converted, the liability component, the accrued interest together with the equity component would constitute the consideration for the shares which are issued.

The adoption of HKAS 32 and HKAS 39 has decreased the Group's profit for the six months ended 30 June 2005 by HK$389,000 (2004: Nil) and increased the net assets of the Group by HK$2,044,000 (31 December 2004: HK$2,433,000).

(iii) Employee share option scheme (HKFRS 2, Share-based payment)

In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the Company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1 January 2005, in order to comply with HKFRS 2, the Group recognises the fair value of such share options as an expense in the consolidated profit and loss account, or as an asset, if the cost qualifies for recognition as an asset under the Group's accounting policies. A corresponding increase is recognised in a capital reserve within equity.

Where the employees are required to meet vesting conditions before they become entitled to the options, the Group recognises the fair value of the options granted over the vesting period. Otherwise, the Group recognises the fair value in the period in which the options are granted.

If an employee chooses to exercise options, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised the related capital reserve is transferred directly to revenue reserves.

The new accounting policy has been applied retrospectively with comparatives restated in accordance with HKFRS 2, except that the Group has followed the transitional provisions set out in paragraph 53 of HKFRS 2 under which the new recognition and measurement policies have not been applied to the options granted to employees on or before 7 November 2002.

The amount charged to the consolidated profit and loss account as a result of the share options granted in 2005 increased staff costs for the six months ended 30 June 2005 by HK$263,000, with the corresponding amounts credited to the to other capital reserves.

Details of the employee share option scheme can be found in the Company's annual report for the year ended 31 December 2004 and note 13 on this interim financial report.

(iv) Minority interests (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements)

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the consolidated profit and loss account as a deduction before arriving at the profit attributable to equity holders of the Company.

With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company, and minority interests in the results of the Group for the period are presented on the face of the consolidated profit and loss account as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the Company.

The presentation of minority interests in the consolidated balance sheet, profit and loss account and statement of changes in equity for the comparative period has been restated accordingly.

The notes on the interim financial report include an explanation of events and transactions that are significant to an understanding of the changes in financial position of the Group since the 2004 annual report.

2. Turnover

Turnover represents income from advertising and other advertising-related services rendered to customers during the period, net of returns and discounts allowed, after eliminating intra-group transactions.

3. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

	For the three months ended 30 June		**For the six months ended 30 June**	
	2005	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
(a) Finance costs:				
Interest on bank advances and other borrowings repayable within five years	2,878	3,386	5,367	6,534
Interest on the Convertible Bond	407	529	814	1,034
Other borrowing costs	17	15	33	26
	3,302	3,930	6,214	7,594
(b) Other items:				
Staff retirement scheme contributions	769	620	1,402	970
Exchange loss	22	22	49	63
Auditors' remuneration	317	337	709	659
Operating lease charges				
– properties	1,613	1,310	3,126	2,622
– site rentals	37,846	26,114	71,206	48,945
Provision for bad debts	474	–	474	–
Depreciation of fixed assets	1,441	1,249	2,936	2,428
Amortisation of advertising rights	9,307	9,495	18,616	18,980
Amortisation of goodwill	–	80	–	160

4. Income tax

	For the three months ended 30 June		For the six months ended 30 June	
	2005	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
PRC taxation	2,565	2,158	3,579	3,600
Deferred taxation	416	–	416	–
Share of taxation of jointly controlled entities	4,480	3,247	5,889	5,310
Share of taxation of associates	244	287	505	536
	7,705	5,692	10,389	9,446

The provision for Hong Kong profits tax has been calculated separately at 17.5% (2004: 17.5%) of the estimated assessable profits for the six months ended 30 June 2005 of each subsidiary and associate of the Group with operations subject to Hong Kong profits tax.

No provision for Hong Kong profits tax has been made as the subsidiaries with operations in Hong Kong had tax losses brought forward from previous years which exceeded the estimated assessable profits for the six months ended 30 June 2005.

Taxation for subsidiaries and jointly controlled entities operating in the People's Republic of China ("the PRC"), except noted hereinafter, is calculated at 33% (2004: 33%) of the estimated assessable profits of these entities for the six months ended 30 June 2005.

Pursuant to the relevant laws and regulations in the PRC, Chongqing MPI Public Transportation Advertising Co., Ltd., a non-wholly owned subsidiary of the Group, is entitled to a reduction in the applicable rate of PRC Foreign Enterprises Income Tax from 33% to 31.5% for the three years from the year ended 31 December 2003.

5. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately HK$10,379,000 for the six months ended 30 June 2005 (30 June 2004: HK$6,690,000) and the weighted average of 853,800,000 ordinary shares (30 June 2004: 853,800,000 ordinary shares) outstanding.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2005 is based on the adjusted profit attributable to equity holders of the Company of HK$11,193,000, after adding back the finance costs of the convertible bond, and the weighted average of 1,023,800,000 ordinary shares, after adjusting for the effects of all dilutive potential ordinary shares, as if the convertible bond had been converted into ordinary shares at the date of issuance.

No diluted earnings per share for the six months ended 30 June 2004 has been presented, as there were no dilutive potential ordinary shares during that period.

6. Segmental information

The Group's business can be subdivided into the Mainland China and Hong Kong markets.

The Group's geographical segments are classified according to the location of the advertisements placed by customers and the location of the provision of advertising and related services rendered to customers.

	For the six months ended 30 June							
	Hong Kong		Mainland China		Corporate		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	33,997	24,274	144,767	126,777	–	–	178,764	151,051
Other revenue	345	1	8,515	6,124	647	151	9,507	6,276
Total revenue	34,342	24,275	153,282	132,901	647	151	188,271	157,327
Segment result and profit/(loss) from operations	1,596	(657)	7,765	10,581	(2,347)	(2,681)	7,014	7,243
Finance costs	(101)	(54)	(4,662)	(6,506)	(1,451)	(1,034)	(6,214)	(7,594)
Share of profits less losses of an associate	2,586	2,758	–	–	–	–	2,586	2,758
Share of profits less losses of jointly controlled entities	–	–	20,016	15,129	–	–	20,016	15,129
Profit/(loss) from ordinary activities before taxation	4,081	2,047	23,119	19,204	(3,798)	(3,715)	23,402	17,536
Income tax	(505)	(536)	(9,884)	(8,910)	–	–	(10,389)	(9,446)
Profit/(loss) for the period	3,576	1,511	13,235	10,294	(3,798)	(3,715)	13,013	8,090
Attributable:								
Equity holders of the Company	3,593	1,528	10,584	8,877	(3,798)	(3,715)	10,379	6,690
Minority interests	(17)	(17)	2,651	1,417	–	–	2,634	1,400
	3,576	1,511	13,235	10,294	(3,798)	(3,715)	13,013	8,090

7. Fixed assets

During the six months ended 30 June 2005, additions to computer equipment and other fixed assets amounted to HK$1,436,000 and HK$8,599,000 respectively. The depreciation charge amounted to HK$2,936,000 for the six months ended 30 June 2005.

8. Advertising rights

During the six months ended 30 June 2005, additions to advertising rights amounted to HK$2,660,000. The amortisation charge amounted to HK$18,616,000 for the six months ended 30 June 2005.

9. Other investments

Other investments represent an amount of approximately HK$49,528,000 (RMB52,500,000) paid to an independent third party in respect of a commercial arrangement for the planning, development and marketing of certain existing and future advertising media in Shanghai. Barring unanticipated developments, it is the present intention of the Group to replace the current commercial arrangement by establishing a joint venture in the foreseeable future subject to and in compliance with prevailing PRC legislation and government policies.

10. Accounts receivable

At 30 June 2005, accounts receivable amounted to HK$46,885,000 (31 December 2004: HK$43,675,000). The ageing analysis of accounts receivable is as follows:

	30 June 2005	**31 December 2004 (Audited)**
	HK$'000	*HK$'000*
Current	28,926	25,363
One to three months	13,937	17,490
More than three months	4,022	822
	46,885	43,675

11. Accounts payable

At 30 June 2005, accounts payable amounted to HK$16,673,000 (31 December 2004: HK$20,532,000). The ageing analysis of accounts payable is as follows:

	30 June 2005	**31 December 2004 (Audited)**
	HK$'000	*HK$'000*
Current	530	2,479
One to three months	1,711	6,343
More than three months	14,432	11,710
	16,673	20,532

12. Convertible Bond

	30 June 2005	**31 December 2004 (Audited & restated)**
	HK$'000	*HK$'000*
Convertible Bond	83,381	82,567

The term of the Convertible Bond is for the period from 31 December 2004 to 31 December 2007. No interest is payable by the Company to Morningside CyberVentures Holdings Limited ("Bond Holder") for the period from 31 December 2004 to 31 December 2007.

The Bond Holder has the right to convert part or all of the Convertible Bond into shares of the Company at a price of HK$0.50 per share (subject to adjustments), at the option of the Bond Holder during the period commencing from 31 December 2004 to 31 December 2007.

Unless previously repurchased, cancelled, redeemed or converted, the Convertible Bond will be redeemed by the Company on the maturity date at a redemption amount equal to 103% of the principal amount, which implies a yield to maturity of approximately 0.99% per annum to the Bond Holder.

13. Share capital

There were no movements in the share capital of the Company during the six months ended 30 June 2005.

Two lots of share options were granted during the second quarter of 2005 to employees of the Group including its jointly controlled entities and certain other participants to subscribe for shares in Company. The first lot of 13,050,000 share options was granted on 25 May 2005 with an exercise price of HK$0.59 per share. The second lot of 5,000,000 share options was granted on 13 June 2005 with an exercise price of HK$0.55 per share.

14. Reserves

	Share Capital *HK$'000*	Share premium *HK$'000*	Merger reserves *HK$'000*	Other capital reserves *HK$'000*	Option reserves *HK$'000*	Exchange reserves *HK$'000*	Revenue reserves *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 1 January 2004	85,380	233,715	255,366	(61,518)	–	1,064	(85,713)	428,294	20,992	449,286
Movement during the period						(58)		(58)	1,033	975
Profit for the period							6,690	6,690	1,400	8,090
At 30 June 2004	85,380	233,715	255,366	(61,518)	–	1,006	(79,023)	434,926	23,425	458,351
At 1 January 2005										
– as previously reported	85,380	233,715	255,366	(61,518)	–	1,007	(65,478)	448,472	25,229	473,701
– prior period adjustment in respect of convertible bond					2,433			2,433		2,433
– transfer to revenue reserves from other capital reserves in respect of negative goodwill				(12,527)			12,527	–		–
– as restated	85,380	233,715	255,366	(74,045)	2,433	1,007	(52,951)	450,905	25,229	476,134
Movement in respect of share options during the period				263				263		263
Movement during the period									4,065	4,065
Dividends paid to minority interests by a subsidiary								–	(2,489)	(2,489)
Profit for the period							10,379	10,379	2,634	13,013
At 30 June 2005	85,380	233,715	255,366	(73,782)	2,433	1,007	(42,572)	461,547	29,439	490,986

Other capital reserves represent the excess of the cost of investments in subsidiaries and an associate over the appropriate share of the fair value of the net tangible assets acquired by the Group at the date of acquisition and the recognition of fair value of share options granted.

Merger reserves represent the amount of reserves of subsidiaries that have been capitalised as a result of share-for-share exchanges.

Included in the figure for revenue reserves at 30 June 2005 are reserves of HK$5,197,000 (31 December 2004: HK$8,995,000) attributable to associates and reserves of HK$30,318,000 (31 December 2004: HK$16,191,000) attributable to the jointly controlled entities.

15. Commitments and contingencies

(i) Commitments under operating leases

At 30 June 2005, the Group had total future minimum lease payments under non–cancellable operating leases in respect of properties and site rentals payable as follows:

	30 June 2005					
	Property		**Site rentals**		**Total**	
	Hong Kong	**Mainland China**	**Hong Kong**	**Mainland China**	**Hong Kong**	**Mainland China**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	513	2,684	15,209	72,459	15,722	75,143
After one year but within five years	103	3,163	3,467	280,761	3,570	283,924
After five years	–	1,274	–	460,125	–	461,399
	616	7,121	18,676	813,345	19,292	820,466

	31 December 2004					
	Property		**Site rentals**		**Total**	
	Hong Kong	**Mainland China**	**Hong Kong**	**Mainland China**	**Hong Kong**	**Mainland China**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	471	3,623	16,303	68,343	16,774	71,966
After one year but within five years	307	3,921	8,034	277,675	8,341	281,596
After five years	–	1,792	–	495,886	–	497,678
	778	9,336	24,337	841,904	25,115	851,240

(ii) Other commitments

At 30 June 2005, Chongqing MPI Public Transportation Advertising Co., Ltd. ("CQMPI"), one of the subsidiaries of the Group was a party to an agreement with its PRC joint venture partner to pay annual fee in respect of the granting of certain bus media rights. The agreement is for the period from 1 November 1999 to 22 September 2029. HK$7,642,000 (RMB8,100,000) (31 December 2004: HK$7,642,000) is due within the next twelve months, HK$38,349,000 (RMB40,650,000) (31 December 2004: HK$36,792,000) is due after one year but within five years and HK$5,377,000 (RMB5,700,000) (31 December 2004: HK$10,755,000) is due after five years. The aggregate amount payable by the Group to the PRC joint venture partner up to 31 December 2010 is HK$51,368,000 (RMB54,450,000) (31 December 2004: HK$55,189,000). For the years from 2011 and onwards, the annual fee will be determined through commercial negotiation between CQMPI and its PRC joint venture partner. In view of the above, the commitments mentioned above have not taken into account the annual fee to be payable by CQMPI to its PRC joint venture partner during the years from 2011 to 2029 as the amounts payable cannot be reasonably estimated.

As at 30 June 2005, Media Partners International Holdings Limited, a subsidiary of the Group had entered into an agreement with an independent third party in respect of the provision of advertising agency services and the enhancement of the Group's metro advertising management system. The terms of the agreement are for the period from 5 September 2003 to 4 September 2008. HK$529,000 (JPY7,000,000) (31 December 2004: HK$529,000) is due payable within one year and Nil (31 December 2004: Nil) is due payable after one year but within five years.

The above commitments are not included in the operating lease commitments disclosed in note 15(i) above.

(iii) Capital commitments

In July 2004, the Group entered into a joint venture agreement with an independent third party to establish a joint venture company, namely Nanjing Metro Media Partners Advertising Co., Ltd (南京梅廸派勒地鐵廣告有限公司) ("Nanjing Metro MPI") in the PRC which engages in the design, production, dissemination and publishing and act as an agent for the placement of all kinds of advertisements in or outside Mainland China. The Group and the independent third party own 70% and 30% of Nanjing Metro MPI respectively.

The total investment is RMB120 million (HK$113.2 million) and the registered capital is RMB60 million (HK$56.6 million), whereby the Group will contribute cash of RMB42.0 million (HK$39.6 million) and the independent third party RMB18.0 million (HK$17.0 million).

The term of Nanjing Metro MPI is for 18 years starting from the date of commencement of official operations of the Nanjing Metro Line 1 (Phase 1). Nanjing Metro MPI has been established and obtained its business licence on 23 June 2005.

Capital commitments in respect of Nanjing Metro MPI which have been contracted for by the Group as at 30 June 2005 are as follows:

	RMB'000	*HK$'000*
Capital commitments contracted for:		
– Within 90 days from the date of issue of the business licence	29,400	27,736
– Within two years from the date of issue of the business licence	12,600	11,887

(iv) Contingent liabilities

(a) At 30 June 2005, the Group had contingent liabilities amounting to HK$12,895,000 (31 December 2004: HK$13,315,000) in respect of bank guarantees given to independent third parties in the ordinary course of business to ensure the due performance and the observance of the obligations of a subsidiary and a jointly controlled entity to certain agreements.

(b) At 30 June 2005, guarantees given by the Company to banks to secure banking facilities made available to the subsidiaries amounted to HK$339,340,000 (31 December 2004: HK$229,340,000).

16. Material related party transactions

Details of material related party transactions between the Group and related parties were set out in note 37 of the annual report of the Group for the year ended 31 December 2004 and these transactions continued during the interim period. In addition, the Group entered into a loan agreement with Morningside CyberVentures Holdings Limited where the loan interest expenses were exempt from disclosure as continuing connected transactions under the GEM Listing Rules. The details of the transaction were disclosed in the Company's 2004 annual report under section "Post Balance Sheet Event". There was no other significant new material related party transactions entered into by the Group with related parties during the six months ended 30 June 2005.

C. INDEBTEDNESS STATEMENT

(i) Borrowings

At the close of business on 30 September 2005, the Group had aggregate outstanding bank borrowings of approximately HK$274.3 million. Bank loans of HK$50.0 million are repayable after two years but within five years and the remaining bank loans of HK$224.3 million are repayable within one year.

At 30 September 2005, the Group had amounts due to a related party of approximately HK$11.0 million, amounts due to jointly controlled entities of approximately HK$13.9 million and an entrusted loan due to a jointly controlled entity of HK$19.8 million. The amounts due to a related party and jointly controlled entities are unsecured, interest free and repayable on demand.

As at 30 September 2005, the Group had a Convertible Bond in the principal amount of HK$85.0 million issued to Morningside CyberVentures Holdings Limited which was due to expire on 31 December 2007. No interest is payable by the Company to the holder of the Convertible Bond. Unless previously repurchased, cancelled, redeemed or converted, the Convertible Bond will be redeemed by the Company on the maturity date at a redemption amount equal to 103% of the principal amount.

(ii) Security granted by the Group

The banking facilities of certain subsidiaries are secured by deposits of HK$138.6 million placed with banks at 30 September 2005. Such banking facilities, amounting to HK$407.9 million, were utilised in respect of bank loans and bank guarantees to the extent of HK$274.3 million (as mentioned in (i) above) and HK$4.5 million respectively.

The secured bank loans of HK$274.3 million are secured by term deposits of HK$136.4 million pledged with banks and guarantees granted by the Company.

(iii) Contingent liabilities

At 30 September 2005, the Group had contingent liabilities totaling HK$4.5 million in respect of bank guarantees given to independent third parties in the ordinary course of business to ensure the due performance and observance of the obligations of a subsidiary to certain agreements.

At 30 September 2005, corporate guarantees given by the Company to banks to secure banking facilities made available to the subsidiaries amounted to HK$374.8 million.

(iv) Capital commitments

At 30 September 2005, the Group had capital commitments to pay the balance of approximately HK$12.1 million in respect of the registered capital of a joint venture established for operating advertising media concession within Nanjing Metro Line 1.

In addition to the above capital commitments, the Group had commitment to build the advertising media within a metro system in Chongqing. At 30 September 2005, the amount authorized but not contracted for is approximately HK$3.1 million and the amount contracted for is approximately HK$1.9 million.

(v) Operating lease commitments

At 30 September 2005, the Group had commitments to pay approximately HK$957.7 million in respect of the future minimum lease payments under non-cancellable operating leases of HK$10.1 million and HK$947.6 million in respect of properties and site rentals respectively. Of the total operating lease commitments in respect of properties, HK$2.8 million is payable to related parties.

Disclaimer

Save as disclosed in the section headed "Indebtedness Statement" in this Appendix, no companies within the Group had outstanding as at 30 September 2005 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, obligation under finance lease contracts, liabilities under acceptance (other than normal trade bills), acceptance credits, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

D. MATERIAL CHANGE

As at 31 December 2004, the Company provided corporate guarantee in the amount of approximately HK$229.3 million to banks to secure banking facilities made available to the subsidiaries of approximately HK$421.9 million, of which approximately HK$225.2 million was utilized. As at 30 September 2005, the amount of corporate guarantee was increased to approximately HK$374.8 million to secure banking facilities made available to the subsidiaries of approximately HK$409.8 million, of which approximately HK$278.8 million was utilized.

Save for the aforesaid, the Directors confirm that there were no material change in the financial or trading position or outlook of the Group subsequent to 31 December 2004, being the date to which the last audited financial statements of the Company were made up, and up to the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror (other than that relating to the Group and the Directors) is supplied by the Offeror. The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group and the Directors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions of the Offeror expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts relating to the Offeror (other than those relating to the Group and the Directors) not contained in this Composite Document, the omission of which would make any statement in this Composite Document relating to the Offeror (excluding the Group) misleading.

2. DISCLOSURE OF INTERESTS

(a) Save and except for the 626,550,000 Shares and the Convertible Bond acquired under the Agreement, the Offeror did not own or control any Shares or convertible securities, warrants, options or derivatives in respect of the Shares as at the Latest Practicable Date.

(b) Save as disclosed in paragraph (a) above, as at the Latest Practicable Date, none of the directors of the Offeror owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of any Shares.

(c) As at the Latest Practicable Date, no persons who owned or controlled Shares or convertible securities, warrants, options or derivatives in respect of the Shares have irrevocably committed themselves to accept or reject the Offers.

(d) As at the Latest Practicable Date, there were no holdings of Shares, or convertible securities, warrants, options or derivatives in respect of Shares, owned or controlled by any person with whom the Offeror or any person acting in concert with it has an arrangement of the kind referred to in Note 8 to Rule 22 of the Code.

(e) Save as disclosed in paragraph 3(b) below, as at the Latest Practicable Date, none of CLSA ECM, CLSA Limited, their respective group companies, directors, or persons acting in concert with the Offeror or presumed under the Code to be acting in concert with the Offeror, owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of Shares.

(f) As at the Latest Practicable Date, neither the Offeror nor any persons acting in concert with it had any arrangement with any other person of the kind referred to in Note 8 to Rule 22 of the Code.

3. DEALING IN SHARES

(a) During the Relevant Period, save for the acquisition of the 626,550,000 Shares and the Convertible Bond pursuant to the Agreement and save as disclosed in paragraph (b) below, none of the Offeror, the directors of the Offeror or parties acting in concert with the Offeror had dealt for value in any securities of the Company.

(b) On 25 April 2005, Alcor Capital Asia Fund Limited ("**Alcor**"), in the ordinary course of business, purchased 756,000 Shares at a price of HK$0.6193 per Share. Furthermore, Alcor sold such Shares in three tranches on the 11, 12 and 13 May 2005 at prices of HK$0.63, HK$0.64 and HK$0.59 per Share, respectively. Alcor is a hedge fund affiliated to CLSA ECM as a result of common parent ownership, but is operated entirely independently of and on the other side of Chinese Walls to the advisory business conducted by CLSA ECM. As at the Latest Practicable Date, none of CLSA ECM or its affiliated companies, including Alcor, own any shares in the Company.

4. MARKET PRICES

(a) The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$1.13 per Share on 27 October 2005 and 28 October 2005 and HK$0.48 per Share on 14 March 2005, respectively.

(b) The table below sets out the closing prices of the Shares on the Stock Exchange on the last business day of each of the six calendar months immediately preceding the Announcement on which trading of the Shares took place:

	Closing price *(HK$)*
31 March 2005	0.55
29 April 2005	0.64
31 May 2005	0.57
30 June 2005	0.59
29 July 2005	0.62
31 August 2005	0.60

(c) The closing price of the Shares on the Stock Exchange on 14 September 2005, being the last full trading day prior the suspension of trading at 10:27 a.m. on 15 September 2005, was HK$0.86.

(d) The closing price of the Shares on the Stock Exchange on the Latest Practicable Date was HK$1.13.

5. QUALIFICATIONS

CLSA ECM is a licensed corporation under the SFO, licensed to conduct Types 4 (advising on securities) and 6 (advising on corporate finance) regulated activities under the SFO, including acting as a securities adviser and corporate finance adviser.

CLSA Limited is a licensed corporation under the SFO, licensed to conduct Types 1 (dealing in securities) and 4 (advising on securities) regulated activities under the SFO.

6. CONSENTS

CLSA ECM and CLSA Limited have given and have not withdrawn their respective written consents to the issue of this Composite Document with the inclusion in this Composite Document of the text of their respective letters and/or references to their names in the form and context in which they are included.

7. MISCELLANEOUS

(a) None of the existing Directors will be given any benefit as compensation for loss of office or otherwise in connection with the Offers.

(b) Save and except for the Agreement and the transactions contemplated therein, there is no agreement or arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it (on the one part) and any of the Directors, recent directors, shareholders or recent shareholders of the Company (on the other part) having any connection with or dependence upon the Offers.

(c) The Offeror does not have any intention to transfer, charge or pledge any Shares acquired pursuant to the Offers to any other person.

(d) The directors of the Offeror are Mr. Jean-Michel Geffroy, Mr. David Bourg and Mr. Stephen Hon Chiu Wong. The registered office of the Offeror is 22/F, Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong.

(e) The Offeror is an indirect wholly-owned subsidiary of JCDecaux SA, a company incorporated in France. JCDecaux SA is listed on Euronext Paris and is part of the Euronext 100 index. The members of the Executive Board of JCDecaux SA are Mr. Jean-Charles Decaux, Mr. Jean-Francois Decaux, Mr. Robert Caudron, Mr. Gérard Degonse and Mr. Jeremy Male. The address of JCDecaux SA is 17 rue Soyer, 92200 Neuilly-sur-Seine, France.

(f) The address of CLSA ECM and CLSA Limited is 18/F, One Pacific Place, 88 Queensway, Hong Kong.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Code for the purpose of giving information with regard to the Group. The information contained herein relating to the Group (other than information relating to the Offeror and any party acting in concert with it) has been supplied by the Directors, who jointly and severally accept full responsibility for the accuracy of such information and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror or any party acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document (other than those relating to the Offeror or any party acting in concert with it) the omission of which would make any statement herein misleading.

2. CORPORATE INFORMATION OF THE COMPANY

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 14 May 2001 in the name of "MPI Holdings Inc.". The Company changed its name to "Media Partners International Holdings Inc." on 8 June 2001. The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies and the principal place of business of the Company in Hong Kong is at Rooms 1506-1510, 15th Floor, Hang Lung Centre, 2-20 Paterson Street, Causeway Bay, Hong Kong. The principal share registrar and transfer office of the Company is Butterfield Fund Services (Cayman) Ltd. (formerly known as Bank of Butterfield International (Cayman) Ltd.), which is situated at Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands, British West Indies. The Hong Kong branch share registrar and transfer office of the Company is Tengis Limited, which is situated at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. The company secretary of the Company is Mr. Cheng Ka Chung.

3. SHARE CAPITAL OF THE COMPANY

(a) Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Shares		*HK$*
Authorised:		
1,500,000,000	Authorised share capital of HK$150,000,000 divided into 1,500,000,000 Shares of HK$0.10 each	HK$150,000,000
Issued and fully paid:		
853,800,000	Paid up share capital of HK$85,380,000 divided into 853,800,000 Shares of HK$0.10 each	HK$85,380,000

All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and capital.

No shares have been issued since the end of the financial year ended 31 December 2004 up to and including the Latest Practicable Date. On 27 October 2005, the Company had received notice from an Optionholder to exercise Share Options which would result in the allotment and issue of 90,000 Shares at HK$0.62 per Share after the Latest Practicable Date.

(b) Convertible Bond

On 31 December 2004 the Company issued the Convertible Bond to the Vendor in the principal amount of HK$85,000,000.

The term of the Convertible Bond is for the period from 31 December 2004 to 31 December 2007. No interest is payable by the Company to the holder of the Convertible Bond for the period from 31 December 2004 to 31 December 2007.

The holder of the Convertible Bond has the right to convert part or all of the Convertible Bond into 170,000,000 Shares at a price of HK$0.50 per Share (subject to adjustments) at its option during the period commencing from 31 December 2004 to 31 December 2007.

Unless previously repurchased, cancelled, redeemed or converted, the Convertible Bond will be redeemed by the Company on the maturity date at a redemption amount equal to 103% of the principal amount.

(c) Share Option Scheme

On 7 January 2002, the Company conditionally adopted the Share Option Scheme for a period of ten years from the date on which the Share Option Scheme was adopted. The Share Option Scheme became unconditional upon the listing of the Shares on GEM.

The purpose of the Share Option Scheme is to reward the participants who have contributed to the Group. The Board, in their sole discretion, will consider one or more of the following criteria in deciding whether a person has contributed to the Group:

(i) contribution to the development and performance of the Group;

(ii) quality of work performed for the Group;

(iii) initiative and commitment in performing his/her duties; and

(iv) length of service or contribution to the Group.

Each Share Option gives the Optionholder the right to subscribe for one Share. The subscription price of a Share in respect of any Share Option shall be determined by the Board in its absolute discretion, save that such price will not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Share Options and (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet on the five business days immediately preceding the date of grant of the Share Options and (iii) the nominal value of a Share on the date of grant of the Share Options.

Since 31 December 2004, being the end of the last financial year of the Company, and up to the Latest Practicable Date, two lots of Share Options were granted during the second quarter of 2005 to employees of the Group and its jointly controlled entities and certain other participants to subscribe for Shares. The first lot of 13,050,000 Shares Options was granted on 25 May 2005 with an exercise price of HK$0.59 per Share. The second lot of 5,000,000 Share Options was granted on 13 June 2005 with an exercise price of HK$0.55 per Share. As at the Latest Practicable Date, and taking into account Share Options which have already lapsed, 29,008,000 Outstanding Options have been granted under the Share Option Scheme and which, if exercised, would result in an aggregate of 29,008,000 Shares being allotted and issued. On 27 October 2005, the Company received notice from an Optionholder to exercise Share Options which would result in the allotment and issue of 90,000 Shares at HK$0.62 per Share after the Latest Practicable Date. These Share Options were granted on 14 August 2002 and, in connection with the same Optionholder, an aggregate of 180,000 Outstanding Options will lapse under the terms of the Share Option Scheme after the Latest

Practicable Date. Taking the aforesaid into account, the Company will, immediately after the Latest Practicable Date, have, in aggregate, 28,828,000 Outstanding Options, entitling Optionholders to subscribe for an aggregate of 28,828,000 Shares at an exercise price of between HK$0.55 to HK$0.62 per Share.

Save and except for the aforesaid Outstanding Options, the 90,000 Shares which fall to be issued pursuant to the Exercised Options and the Convertible Bond, there were no outstanding options, warrants, derivatives or convertible securities issued by the Company as at the Latest Practicable Date.

4. DISCLOSURE OF INTERESTS

(a) Directors' and the Chief Executive's Interests or Short Positions in the Shares, Underlying Shares or Debentures of the Company or any Associated Companies

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules (other than Share Options which have been granted to certain Directors and the chief executive of the Company, details of which are set out below), to be notified to the Company and the Stock Exchange were as follows:

(1) Long Positions in the Shares of the Company

		Number of ordinary shares					
Name of Director	**Capacity**	**Personal interests**	**Family interests**	**Corporate interests**	**Others interests**	**Total**	**Approximate percentage of shares in issue**
Winnie Pik Shan To	Beneficial owner	12,800,000	–	–	–	12,800,000	1.5%

(2) Long Positions in the Underlying Shares of the Company

The interests in the underlying Shares of the Company arise from unlisted Share Options (physically settled equity derivatives) granted to the Directors and the chief executive of the Company, details of which are as follows:

Name of Director/Chief Executive	Date of grant	Subscription price per share	Aggregate long position in underlying shares of the Company	Approximate percentage of shares in issue
Winnie Pik Shan To	14 August, 2002	HK$0.62	8,538,000 *(Note 1)*	1.00%
Leo Wing Fat Lui	13 June, 2005 *(Note 2)*	HK$0.55	5,000,000 *(Note 3)*	0.59%

Note 1: The above interest constitutes a long position of the Director in a physically settled equity derivative for the purposes of the SFO.

As at the Latest Practicable Date, the Outstanding Options held by Ms. Winnie Pik Shan To represented options to subscribe for 8,538,000 shares in the Company. These Share Options were granted on 14 August, 2002 and, subject to the terms of the Share Option Scheme, vest over four years and may be exercised from 14 August 2003 to 13 August 2012 at an exercise price of HK$0.62 per Share.

Note 2: Mr. Leo Wing Fat Lui was appointed as chief executive officer of the Company on 1 July 2005. Share Options were accepted by him on 6 July 2005 and were deemed to be have been granted on 13 June 2005 in accordance with the provisions of the Share Option Scheme.

Note 3: The above interest constitutes a long position of the chief executive in a physically settled equity derivatives for the purposes of the SFO.

As at the Latest Practicable Date, the Outstanding Options held by Mr. Leo Wing Fat Lui represented options to subscribe for 5,000,000 shares in the Company. These Share Options were deemed to have been granted on 13 June 2005 and, subject to the terms of the Share Option Scheme, vest over four years and may be exercised from 13 June 2006 to 12 June 2015 at an exercise price of HK$0.55 per Share.

(3) Aggregate Long Positions in the Shares and Underlying Shares of the Company

Name of Director	Aggregate number in shares	Aggregate number in underlying Shares	Total	Approximate percentage of shares in issue
Winnie Pik Shan To	12,800,000	8,538,000	21,338,000	2.50%
Leo Wing Fat Lui	–	5,000,000	5,000,000	0.59%

Save as disclosed herein and as at the Latest Practicable Date, none of the Directors or the chief executive or their respective associates of the Company had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 or Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders having interests or Short Positions in the Shares and Underlying Shares of the Company

As at the Latest Practicable Date, so far as is known to any Director, the following substantial Shareholders (within the meaning of the GEM Listing Rules) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register to be kept under section 336 of the SFO (other than the Directors or the chief executive of the Company disclosed above):

Name	Types of interests held	Capacity	Approximate percentage of shares in issue
JCDecaux Pearl & Dean Ltd. ("JCD")*	1. 626,550,000 shares in the Company;	Beneficial Owner, direct holding	73.38%
	2. HK$85,000,000 convertible bond exercisable at HK$0.50 per share. When fully converted, a total of 170,000,000 shares in the Company will be issued.		19.91%
JCDecaux Asia (S) Pte. Ltd.*	same as JCD	Beneficial Owner, indirect holding	same as JCD
JCDecaux SA*	same as JCD	Beneficial Owner, indirect holding	same as JCD
JCDecaux Holding*	same as JCD	Beneficial Owner, indirect holding	same as JCD
Mr. Jean-Claude Decaux*	same as JCD	Beneficial Owner, indirect holding	same as JCD

* Mr. Jean-Claude Decaux holds 84% equity interest in JCDecaux Holding
JCDecaux Holding holds 69.83% equity interest in JCDecaux SA
JCDecaux SA holds 100% equity interest in JCDecaux Asia (S) Pte. Ltd
JCDecaux Asia (S) Pte. Ltd holds 100% equity interest in JCDecaux Pearl & Dean Ltd.

Save as disclosed above, and as far as the Directors are aware, as at the Latest Practicable Date, no other substantial Shareholders had any interest or short position in the Shares or underlying Shares of the Company which are recorded in the register of the Company to be kept under section 336 of the SFO.

(c) Other Persons having interests or Short Positions in the Shares and Underlying Shares of the Company

So far as is known to any Director, as at the Latest Practicable Date, no other persons (other than those interests of Directors, the chief executive of the Company and substantial Shareholders disclosed above and interests of persons as recorded in the register to be kept under section 336 of the SFO pursuant to Division 5 of Part XV of the SFO) had any interest or short position in the Shares or underlying Shares of the Company which are recorded in the register of the Company to be kept under section 336 of the SFO.

(d) Service Contracts

(i) The following service contracts for directors of the Group which (including both continuous and fixed terms contracts) have been entered into or amended within 6 months before the commencement of the Offer Period, which are continuous contracts with a notice period of 12 months or more, or which are fixed term contracts with more than 12 months to run irrespective of the notice period are in force:

(a) Mr. Francis Wen-hou Chen entered into a service contract with the Company for an initial term of 2 years commencing on 1 July 2005 which shall continue unless terminated in accordance with the provisions therein. Pursuant to the service contract, Mr. Chen shall be entitled to a fixed service fee of US$18,000 per annum. The contract does not provide for variable remuneration.

(b) Ms. Winnie Pik Shan To had a service contract with Media Partners International Ltd. for an initial term of 2 years commencing on 1 January 2004 which shall continue unless terminated in accordance with the provisions therein. On 26 October 2005, Ms. To agreed with Media Partners International Ltd. that her service contract will expire on 31 December 2005.

Pursuant to the service contract, Ms. To shall be entitled to a fixed annual salary fee of US$200,000 per annum and a yearly bonus determined by the Board. The year-end bonus is wholly at the discretion of the Board. The aggregate amount of the discretionary bonus which may be paid to Ms. To and all other executive Directors for any financial year shall not exceed the aggregate amount budgeted for in the annual budget for that year.

(ii) No benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offers.

(e) Other Interests

As at the Latest Practicable Date,

(i) neither the Company nor any of the Directors held any interest in the securities of the Offeror;

(ii) no subsidiary of the Company, or any pension fund of the Company or of a subsidiary of the Company owned or controlled any securities in the Company;

(iii) none of the professional advisers named under the section headed "Consents" in this Appendix IV or any adviser to the Company as specified in class (2) of the definition of "associate" in the Code owned or controlled any securities in the Company;

(iv) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Code; and

(v) no shareholding in the Company was managed on a discretionary basis by fund managers (other than exempt fund manager) connected with the Company.

5. DEALINGS IN SECURITIES

During the Relevant Period:

(a) neither the Company nor any of the Directors had dealt for value in the securities of the Offeror or the Company.

(b) none of the subsidiaries of the Company, nor any pension funds of the Company or of any of its subsidiaries, nor any of the professional advisers named under the section headed "Consents" in this Appendix IV, nor any adviser to the Company as specified in class (2) of the definition of "associate" in the Code had dealt for value in any securities in the Company;

(c) no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Code had dealt for value in any securities in the Company; and

(d) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had dealt for value in any securities in the Company.

6. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. MATERIAL CONTRACT

The following contract (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Company or its subsidiaries) has been entered into by the members of the Group within two years preceding the date of the Announcement and up to the Latest Practicable Date which is or may be material:

(a) an agreement in respect of the issue and subscription of the Convertible Bond dated 13 October 2004 between the Company and the Vendor.

8. CONSENTS

Somerley, the independent financial adviser to the Independent Board Committee in relation to the Offers, is a licensed corporation under the SFO permitted to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Somerley has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of its letter and/or the reference to its name, in the form and context in which they respectively appear.

9. GENERAL

(a) As at the Latest Practicable Date, there was no agreement or arrangement between any Director or any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers.

(b) No material contracts have been entered into by the Offeror in which any Director has a material personal interest.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. Monday to Friday at the head office and principal place of business of the Company in Hong Kong at 22/F, Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong up to the final closing date of the Offers:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the two years ended 31 December 2004 and the interim report of the Company for the six months ended 30 June 2005;

(c) the Letter from CLSA ECM, the text of which is set out on pages 7 to 17 of this Composite Document;

(d) the letter of recommendation of the Independent Board Committee, the text of which is set out on pages 25 and 26 of this Composite Document;

(e) the letter of advice from Somerley, the text of which is set out on pages 27 to 45 of this Composite Document;

(f) the material contract set out under the paragraph headed "Material Contract" in Appendix IV to this Composite Document; and

(g) the written consents referred to in the paragraph headed "Consents" in Appendices III and IV to this Composite Document.

Forms of Acceptance will be available for collection from the Registrar and the Company.