Media Partners International Holdings Inc.
媒體伯樂集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Final Results Announcement
For the year ended 31 December 2003

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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This announcement, for which the directors (the "Directors") of Media Partners International Holdings Inc. ("MPI" or the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to MPI. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purpose only*

HIGHLIGHTS:

The Group has recovered from SARS and has managed to achieve improvement in each quarter of 2003 and recorded a turnaround in the second half of the year.

- *The Group's turnover in the second half of 2003 increased by 22% comparing with the first half of 2003.*
- *The Group's profit attributable to shareholders in the second half of 2003 amounted to HK$2.5 million, representing significant improvement comparing with a loss of HK$24.2 million in the first half of 2003.*
- *The Group's financial position remains healthy with cash and cash equivalents of HK$140.3 million.*
- *Mainland China operations*
  - *Turnover in the second half of 2003 increased by 31% comparing with the first half of 2003.*
  - *Gross profit in the second half of 2003 was HK$30.2 million, representing increase of 167% compared with the first half of 2003.*
  - *Metro advertising business continues to grow quarter to quarter. Turnover in the second half of 2003 increased by 30% comparing with the first half of 2003. Share of profits from the two metro joint ventures in the second half of 2003 increased by 73% comparing with the first half of 2003.*
  - *Net profit in the second half of 2003 was HK$3.6 million, representing marked improvement comparing with a loss of HK$13.6 million in the first half of 2003.*
- *Hong Kong operations*
  - *Turnover in the second half of 2003 decreased by 5% comparing with the first half of 2003.*
  - *Gross margin in the second half of 2003 reverted to a positive 12%, a significant improvement comparing with a negative gross margin in the first half of 2003.*
  - *Net profit in the second half of 2003 was HK$1.5 million, a turnaround from a loss in the first half of 2003.*
- *Media development*
  - *The Group expanded its billboard media portfolio through entering into strategic alliance with Shanghai Tulip.*
  - *The Group has been selected as the exclusive partner of the Nanjing Metro Company to finalise the terms for the advertising rights within the Nanjing metro system.*
  - *The Group secured advertising rights to a further approximately 4,000 bus bodies in Shanghai for terms over 10 years.*

MANAGEMENT DISCUSSION AND ANALYSIS

With the uncertainties brought about by the War in Iraq and the outbreak of SARS in the first half of the year, global economies were seriously affected. The advertising industry was hit particularly hard, which was subsequently reflected in the performance of the Company and its subsidiaries ("the Group"). However, as one of the leading outdoor advertising media services providers in Mainland China and Hong Kong, the Group was able to overcome the hard times, and recorded a turnaround in the second half of the year.

Business Review

Business Strategies

Leveraging the solid foundations in the outdoor advertising industry, the Group has been able to secure long-term and exclusive advertising rights at prime locations in the major metropolitan cities in Mainland China and Hong Kong. Within this well-established and extensive media advertising network, the Group has become a leading nationwide outdoor advertising media network provider in Mainland China and Hong Kong. The Group aims to offer its clients one-stop total advertising solutions with cross-city advertising media packages.

By forming long-term and exclusive partnerships with media owners, the Group is committed to introducing creative and new media, providing its clients with the best channels to present their advertisements before quality target audiences. MPI is the only company which has built a comprehensive metro network with a strong presence along the coastline, stretching from the North to the South of Mainland China. In addition to this extensive under-the-ground media network, the Group's on-the-ground bus advertising network also covers most of the major cities in Mainland China and has a dominant position in the industry.

Strategic Alliances

The Group's comprehensive networks are built upon its innovative, dedicated and solid relationships with partners and alliances. In 2003, management placed a great deal of effort into establishing more long-term strategic co-operations with media owners, particularly in Mainland China. During 2003, the Group entered into a long-term agreement with Shanghai Tulip Advertising Co., Ltd. ("STA") to develop billboard advertising media; the Group secured the advertising rights to approximately 4,000 buses in Shanghai; and the Group has been selected as the exclusive partner of the Nanjing Metro Company to finalise the terms for the advertising rights within the Nanjing metro system.

The Group entered into an advertising agency agreement with Oricom Company Limited ("Oricom"), the leading metro advertising agency in Japan, to become mutual advertising agents in their respective metro advertising networks. Many Japanese manufacturers, including the car, beauty and electrical appliance industries increased their advertising expenditure in Mainland China during the year. The co-operation is expected to further expand the Group's client base. In addition, Oricom will provide a systematic and comprehensive sales management platform encompassing the latest market statistics and analyses on the metro advertising industry, enhancing the Group's competitive edge.

The advertising agency agreement with Poster Publicity Limited ("Poster Publicity"), a leading European outdoor advertising specialist entered into in the third quarter of 2003, will also help the Group to broaden its multinational clientele and enrich its client portfolio. This marks the Group's first step in reaching out to clients and building a network outside Mainland China and Hong Kong.

Extensive Media Coverage

Metro Systems

With the commencement of operations of the Beijing Light Rail System in 2003, MPI became the only metro advertising network provider capable of offering long-term exclusive metro advertising contracts in Beijing, Shanghai, Guangzhou and Hong Kong. The Group provides a strong metro network that offers comprehensive advertising packages to its clients.

Despite the adverse impact brought about by SARS in the first half of 2003, the Group's metro advertising recorded performances better than last year.

In view of the encouraging performance achieved in metro advertising, the Group continued to expand its metro advertising network during the year under review. In July, the Group secured the exclusive advertising rights for the Extension Line ("Xin Min Line") on Shanghai Metro Line 1 for a term of 10 years.

During 2003, MPI was selected as the only company to discuss the final terms for the advertising rights for the Nanjing metro system, once again highlighting the Group's leadership in the metro advertising industry and its commitment to operating a comprehensive metro network in Mainland China and Hong Kong. With 16 stations running through the centre of Nanjing city, the Nanjing metro system is expected to commence operations in the second half of 2005.

Apart from expanding its metro advertising network, the Group also introduced innovative media formats such as stickers, LEDs, "wrapping trains", etc. These innovations give its clients a springboard to demonstrate the creativity of their advertisements to a quality audience with frequent and high exposures.

Buses

It has been the Group's strategy to maintain its dominant market share in second-tier cities where it has already taken up over 90% of the bus media advertising rights. These include Chongqing, Chengdu and Nanjing. Towards the end of 2003, the Group reached a strategic milestone, as the Group enlarged its existing bus media portfolio in Shanghai. The Group reached agreements with leading bus companies in Shanghai, securing exclusive advertising media rights for over 10 years, commencing January 2004.

As the country's leading financial hub, Shanghai has the highest advertising potential compared with all other cities in Mainland China. The newly acquired media rights will add a total of approximately 4,000 bus bodies to the Group's advertising portfolio in Shanghai, raising the Group's bus advertising market share in the city. Together with the Group's existing coverage of the bus media market in Mainland China, the newly acquired media rights will further strengthen its overall market position, especially within the transport sector.

It is in the Group's interest to secure advertising rights which have high growth potential as they generate synergies with the Group's existing advertising network. By dominating the bus advertising rights in each of these prime locations, the Group is in an ideal position to provide media planning, placement and management, bringing comprehensive and effective media packages to its clients while also enabling the Group to maximise its resources.

Billboards

The Group is seeking the opportunity to expand its outdoor advertising media network portfolio by investment in or acquisition of companies with profitable and sound track records. During the year under review, the Group entered into an agreement with Shanghai Tulip Advertising Co., Ltd. ("STA"), one of the major outdoor advertising media players in Shanghai, to cooperate in the planning, development, management and marketing of billboards, neon signs, unipoles and large scale displays in Shanghai. Currently, these billboards include those along the Pudong international airport and highway, the Hongqiao airport and highway and in the Luijiazui and Xujiahui areas.

This strategic move marks a major step forward in the enhancement of the Group's outdoor advertising media network portfolio with diversified outdoor media formats in addition to the transport sector, further strengthening the Group's foothold in Mainland China market.

Operational Review

Despite the tough year in 2003, the Group was able to overcome the challenges with the commitment and efforts of its experienced management and the implementation of a series of cost control systems and the re-packaging of its media portfolio, to enhance its competitiveness and increase occupancies.

Mainland China

The Group continued to strengthen its sales force with a series of training and enhanced efficiency programmes. In addition, the Group's emphasis on incentives for staff has proven to be invaluable in driving up sales while maintaining overheads at reasonable levels.

Apart from strengthening the team, the Group is committed to broadening the customer portfolio with the servicing of new customers. As the market is on its way to recovery, the Group anticipated an increasing trend of advertising spending among consumer electrical product and cosmetic product, in addition to the well-established customer base, such as telecommunication and food and beverage.

To further enhance the Group's competitive edge and strengthen its client base, the Group also provides flexible and tactical nationwide packages to clients, hand-in-hand with effective advertising plans and innovative advertising solutions.

Hong Kong

The Group had cautiously reviewed the expired and less profitable site rental contracts in Hong Kong and had managed to reduce certain fixed site rentals. The Group also managed to maintain staff costs at a competitive level while strengthening the sales team and working hard to lower other operating expenses. With these measures in place, the Group aims to improve its return from the Hong Kong operations.

Corporate Achievements

In view of the Group's efforts to maintain transparency and good corporate governance, the Group was very pleased to receive a Best Corporate Governance Disclosure Award in 2003, organised by the Hong Kong Society of Accountants. MPI is the first GEM company to achieve this honour.

Outlook

With improving market sentiment, the outdoor advertising industry has been picking up ever since the second half of the year. The expected 7-8% growth in GDP in 2004, Beijing's role as host city to the 2008 Olympic Games, and Shanghai's hosting of the 2004 Formula One Grand Prix and the World Expo in 2010, are all creating strong growth potential for the outdoor advertising business. With widespread experience and a strong foothold in the outdoor advertising industry in both Mainland China and Hong Kong, the Group is aiming to take advantage of the opportunities in the years to come.

Mainland China

The Group's main growth driver remains within the transport sector in Mainland China. Securing advertising rights in metro systems will continue to be its first priority. The Group expects to finalise terms for the advertising rights to the Nanjing metro system in 2004. The Group will continue to evaluate and secure further exclusive advertising rights to metro systems in major cities.

In view of the Group's solid foundations and extensive bus advertising network covering major cities in Mainland China together with its strengthened sales force and the implementation of an effective re-engineering programme last year, the Group is committed to improving utilisation of media spaces in the future.

To broaden the Group's customer base and extend its client network overseas, the Group continues to seek strategic alliances with leading overseas outdoor advertising operators to become their preferred outdoor advertising agency in Mainland China. In turn, this will also facilitate the Group's overseas media placements, extending its comprehensive services to its clients in Mainland China and Hong Kong.

Hong Kong

As most of the less profitable site contracts have expired, coupled with the opportunities brought about by the improving Hong Kong economy, management expects the performance of the Hong Kong operations to further improve. In addition, the introduction of CEPA and the influx of tourists is also likely to increase the Hong Kong business as witnessed by the continued growth in demand for advertising on the Airport Express Line. In the meantime, the Group is cautiously seeking further prime advertising sites with potentially better margins which will bring in better returns.

Anticipating a better future ahead, the Group will be marketing more comprehensive advertising solutions covering a diversity of media formats to satisfy the advertising communication needs of its clients. This will not only boost its position in the outdoor advertising industry, but with also allow the Group to expand its nationwide outdoor advertising media network in Mainland China and Hong Kong.

Financial Review

	Mainland China					
	For the three months ended				**For the year ended**	
	31 Mar 03	**30 Jun 03**	**30 Sep 03**	**31 Dec 03**	**31 Dec 03**	31 Dec 02
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Turnover	**46,314**	**47,588**	**63,208**	**60,033**	**217,143**	218,903
EBITDA[1]	**2,457**	**8,072**	**13,729**	**15,060**	**39,318**	54,373
Adjusted EBITDA[2]	**4,037**	**12,852**	**17,896**	**19,228**	**54,013**	67,362
Profit/(loss) attributable to Shareholders	**(10,531)**	**(3,054)**	**1,313**	**2,309**	**(9,963)**	11,932

	Hong Kong					
	For the three months ended				**For the year ended**	
	31 Mar 03	**30 Jun 03**	**30 Sep 03**	**31 Dec 03**	**31 Dec 03**	31 Dec 02
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Turnover	**17,227**	**13,561**	**13,166**	**16,108**	**60,062**	71,901
EBITDA	**(3,983)**	**(3,919)**	**276**	**251**	**(7,375)**	(36,184)
Adjusted EBITDA	**(3,850)**	**(3,827)**	**841**	**1,102**	**(5,734)**	(34,238)
Profit/(loss) attributable to Shareholders	**(4,281)**	**(3,965)**	**629**	**872**	**(6,745)**	(35,620)

	Unallocated					
	For the three months ended				For the year ended	
	31 Mar 03	**30 Jun 03**	**30 Sep 03**	**31 Dec 03**	**31 Dec 03**	31 Dec 02
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Turnover	**–**	**–**	**–**	**–**	**–**	–
EBITDA	**(809)**	**(1,059)**	**(985)**	**(1,127)**	**(3,980)**	(4,175)
Adjusted EBITDA	**(809)**	**(1,059)**	**(985)**	**(1,127)**	**(3,980)**	(4,175)
Profit/(loss) attributable to Shareholders	**(1,071)**	**(1,347)**	**(1,253)**	**(1,395)**	**(5,066)**	(6,253)

	Total					
	For the three months ended				For the year ended	
	31 Mar 03	**30 Jun 03**	**30 Sep 03**	**31 Dec 03**	**31 Dec 03**	31 Dec 02
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Turnover	**63,541**	**61,149**	**76,374**	**76,141**	**277,205**	290,804
EBITDA	**(2,335)**	**3,094**	**13,020**	**14,184**	**27,963**	14,014
Adjusted EBITDA	**(622)**	**7,966**	**17,752**	**19,203**	**44,299**	28,949
Profit/(loss) attributable to Shareholders	**(15,883)**	**(8,366)**	**689**	**1,786**	**(21,774)**	(29,941)

Notes:

1. EBITDA is defined as earnings before interest expenses, tax, depreciation and amortisation.

2. Adjusted EBITDA is defined as earnings before interest expenses, tax, depreciation and amortisation, minority interests and including the Group's share of profits of jointly controlled entities and associates.

Business Environment

The global economy and overall business environment was seriously hit by the outbreak of SARS in 2003. The Group's advertising business in the first half of 2003, in particular for those newly acquired media in Beijing and Guangzhou, was inevitably affected by the unfavourable market conditions. However, with the successful containment of SARS and the improving market sentiment in the second half of 2003, the Group's Mainland China operations, Hong Kong operations as well as the overall results reverted to a profit in the second half of 2003.

Turnover

The Group's turnover for the year ended 31 December 2003 amounted to HK$277.2 million, representing a drop of 5% compared with 2002. The drop was mainly due to the adverse impact brought by the outbreak of SARS in the first half of 2003. The Group's turnover in the second quarter fell to the year's lowest at HK$61.1 million. Following the containment of SARS and improved market sentiment, the Group's turnover for the post-SARS third quarter increased by 25% compared with the second quarter of 2003. Whilst the turnover for the fourth quarter was maintained at the same level as for the third quarter and amounted to HK$76.1 million, more revenue was generated from the Group's higher profit margin own media and, as a result, the Group's gross profit increased by 11% and the net profit increased by 159% in the fourth quarter as compared with the third quarter.

The Mainland China operations continued to be the focus of the Group and the turnover from the Mainland China operations for 2003 accounted for 78% of the Group's turnover (2002: 75%).

Combined turnover of the Group, including the turnover of the three jointly controlled entities (Shanghai Metro JV, Guangzhou Metro JV and Shanghai Production JV) and the associate (POAD), for the year ended 31 December 2003 amounted to HK$519.2 million and represented an increase of 9% compared with 2002.

Advertising on bus bodies and in metro systems for the year ended 31 December 2003 together represented 55% of the combined turnover, which is slightly less than the 58% for 2002. This is because the Group's revenues from billboard and street furniture media has increased to 33% (2002: 31%) as a result of the Group's strategic alliance with STA to expand the billboard outdoor advertising business in Shanghai and the increase of production revenue from the Group's newly established production joint venture.

Gross profit and gross margin

Gross profit, being turnover less direct costs, site rentals and amortisation of advertising rights, of the Group amounted to HK$41.9 million in 2003 (2002: HK$30.3 million). In the fourth quarter of 2003, the gross profit from the Mainland China operations was HK$16.0 million, increased by 12% compared with the third quarter. The increase was achieved as more revenue was generated from the Group's higher profit margin own media. Gross profit from the Hong Kong operations in the fourth quarter of 2003 was HK$1.8 million, and was slightly higher than the HK$1.7 million for the third quarter. The increase was mainly due to an increase of 22% in turnover in the fourth quarter compared with the third quarter.

The gross margin of the Mainland China operations in the fourth quarter of 2003 was 27%, higher than the gross margin of 26% in 2002. The gross margin of the Hong Kong operations reverted to a positive 12% in the second half of 2003 as compared with a negative gross margin in the first half of 2003 and in 2002.

Other revenue and other net income

Other revenue and other net income included mainly bank interest income, incentives from the Nanjing government and consultancy service income. The decrease of HK$2.0 million in other revenue was mainly due to compensation income received in 2002 from a customer for early termination of contracts, which did not recur in 2003.

Operating expenses

Site rentals, being the single largest component of the Group's operating expenses, amounted to HK$102.9 million for the year ended 31 December 2003, increased by 9% compared with 2002. Out of the total site rental, 32% was variable site rental. Other direct costs are mainly variable costs and comprised media buying, business tax and production costs.

Staff costs, including directors' fees, of the Group for the year ended 31 December 2003 amounted to HK$30.1 million, representing a decrease of 11% compared with 2002. Such decrease was mainly due to a decrease in the number of employees as a result of redundancies in the Hong Kong office and an adjustment made for the over-provision of staff social welfare insurance.

The total number of employees at 31 December 2003 was 269 (2002: 273). The number of employees in Hong Kong decreased by 10 from 30 in December 2002 to 20 in December 2003. The decrease in number of employees in Hong Kong was due to redundancies in the Hong Kong office as a result of the downsizing of the Hong Kong operations. The number of employees in Mainland China increased by 6 from 243 in December 2002 to 249 in December 2003. Most of the new recruits were sales professionals for development of National Key Accounts and new media, including the Beijing Light Rail System which commenced operations this year. As a percentage of turnover, staff costs represented 11% (2002: 12%) of turnover. The percentage for the Mainland China operations was maintained at approximately 11% for both 2003 and 2002 and the percentage for the Hong Kong operations was reduced to approximately 10% for 2003 from 12% for 2002. The average staff cost per employee per month also decreased in 2003.

Depreciation and amortisation for the year ended 31 December 2003 amounted to HK$41.0 million (2002: HK$34.8 million). The increase was mainly due to the commencement of amortisation in 2003 for the advertising rights to certain buses in Shanghai secured in 2002 and for the advertising media within the Beijing Light Rail System.

Other operating expenses of the Group for the year ended 31 December 2003 amounted to HK$34.4 million (2002: HK$29.0 million), including a provision for bad and doubtful debts of HK$6.3 million (2002: HK$2.6 million). The provision for bad and doubtful debts for the year ended 31 December 2003 as a percentage to turnover was approximately 2%. Other operating expenses, excluding the provision for bad and doubtful debts for year ended 31 December 2003, amounted to HK$28.1 million, representing an increase of HK$1.7 million compared with the year ended 31 December 2002. Higher operating expenses were mainly due to increases in office rentals and marketing expenses.

Results from operations

Results from operations for the fourth quarter of 2003 amounted to HK$2.7 million, a further improvement of 19% from the third quarter and an improvement of HK$9.2 million compared with the second quarter. In comparison with the corresponding quarter of 2002, the results from operations for the fourth quarter of 2003 showed an improvement of HK$21.1 million. The improvement was partially due to a provision for onerous contracts for the Hong Kong operations made in the fourth quarter of 2002. Excluding such provision in 2002, the results from operations for the fourth quarter of 2003 still showed an improvement of HK$8.5 million compared with the corresponding quarter of 2002.

Taking into account the Group's attributable share of profits from the jointly controlled entities and the associate, the profit before taxation and interest for the fourth quarter amounted to HK$10.3 million, a further improvement of 12% from the third quarter and an improvement of HK$10.5 million compared with the profit before taxation, interest and provision for onerous contracts of the corresponding quarter of 2002.

Finance costs

Finance costs for the year ended 31 December 2003 increased by HK$2.5 million to HK$13.8 million compared with 2002. The increase in finance costs was for the bank loans drawn down by Shanghai MPI. The bank loans are a short term arrangement and upon the increase of registered capital of Shanghai MPI, such bank loans will no longer be required.

EBITDA and profit/loss attributable to shareholders

EBITDA and adjusted EBITDA of the Group for the year ended 31 December 2003 were HK$28.0 million (2002: HK$14.0 million) and HK$44.3 million (2002: HK$28.9 million) respectively. Despite the difficult business environment in the first half of 2003, the Group's full year EBITDA and adjusted EBITDA for the year ended 31 December 2003 still achieved an improvement of HK$14.0 million and HK$15.4 million respectively compared with 2002. The improvement was the result of overall improvement in turnover post-SARS and the implementation of cost control measures.

EBITDA and adjusted EBITDA of the Group for the fourth quarter of 2003 were HK$14.2 million and HK$19.2 million respectively and represented a further improvement of 9% and 8% respectively compared with the third quarter of 2003 and represented five-fold growth and more than two-fold growth respectively compared with the second quarter of 2003.

The loss attributable to shareholders for the year ended 31 December 2003 amounted to HK$21.8 million (2002: HK$29.9 million). The loss was mainly due to the adverse impact brought by the outbreak of SARS in the first half of 2003. The Group's post-SARS recovery enabled the Group's results to revert to an overall quarterly profit in both the third and the fourth quarters of 2003. The Group's profit attributable to shareholders for the fourth quarter of 2003 was HK$1.8 million, improved by 159% compared with the third quarter of 2003.

Segment Analysis

Mainland China operations

The turnover from the Mainland China operations for the year ended 31 December 2003 was maintained at a similar level as for 2002 at HK$217.1 million (2002: HK$218.9 million). The Group's turnover in the first half of 2003 was significantly affected by the outbreak of SARS. The Group's turnover from its Mainland China operations in the first half of 2003 dropped by 10% compared with the first half of 2002. To cope with the difficult business environment during the outbreak of the SARS, the Group realigned and restructured its sales force and strengthened its sales force to develop the key accounts. As a result, in the post-SARS third quarter of 2003, turnover from the Mainland China operations increased by 33% compared with the second quarter of 2003. Though the turnover from the Mainland China operations for the third quarter and the fourth quarter of 2003 were about the same. However, as more revenue was generated from the Group's higher profit margin own media, the gross profit from the Mainland China operations increased by 12% and the net profit increased by 76% in the fourth quarter as compared with the third quarter.

Combined turnover, including the turnover of the two metro joint ventures and the production joint venture, for the year ended 31 December 2003 amounted HK$369.7 million (2002: HK$337.7 million). Combined turnover for the fourth quarter of 2003 amounted to HK$104.5 million which was maintained at a similar level as for the third quarter of 2003 and the corresponding quarter of 2002. Of the combined turnover for the year ended 31 December 2003, advertising on bus bodies and metro systems, in aggregate, accounted for 74% (2002: 79%) and advertising on billboards accounted for 7% (2002: 3%).

Bus advertising

Turnover from bus advertising for the year ended 31 December 2003 amounted to HK$135.7 million, representing a decrease of 9% compared with 2002. The decrease was due to the effect of SARS in the first half of 2003 when services of certain air-conditioned buses were suspended. Post-SARS, turnover of the Group's bus advertising business has improved. Turnover from bus advertising for the third quarter and the fourth quarter amounted to HK$38.7 million and HK$40.8 million respectively, representing increases of 37% and 45% respectively compared with the second quarter of 2003 and an increase of 14% and 3% respectively compared with the corresponding quarters of 2002.

The Group's operating profit from the Mainland China operations, which was mainly from the bus advertising business, reverted to a profit of HK$3.2 million for the third quarter of 2003 and HK$3.8 million for the fourth quarter. The operating profits from the Mainland China operations for the third quarter and the fourth quarter represented improvements of HK$4.7 million and HK$5.3 million respectively compared with the second quarter of 2003 and represented improvements of 47% and 9% respectively compared with the corresponding quarters of 2002.

Metro advertising

Metro advertising was least affected by SARS. Turnover from the two metro joint ventures continued to grow quarter to quarter in 2003 as well as in comparison with 2002. Turnover from the two metro joint ventures for the year ended 31 December 2003 amounted to HK$133.2 million (2002: HK$117.5 million), representing an increase of 13%. Turnover from the two metro joint ventures for the fourth quarter of 2003 amounted to HK$39.5 million which represented an increase of 10% compared with HK$35.9 million for the third quarter of 2003. The Group's advertising income from the Beijing Light Rail System in the fourth quarter also increased by approximately 65% comparing with the second quarter. The Group's turnover from metro advertising achieved growth in each quarter of 2003.

The Group's share of profits from the two metro joint ventures for the year ended 31 December 2003 amounted to HK$20.1 million, an increase of 27% compared with HK$15.8 million for 2002. The share of profits from these two metro joint ventures for the fourth quarter amounted to HK$6.4 million which represented a further growth of 4% compared with the third quarter of 2003 and represented an increase of 32% compared with the corresponding quarter of 2002.

Billboard advertising

Turnover from billboards for the year ended 31 December 2003 amounted to HK$26.0 million (2002: HK$9.3 million), an increase of HK$16.7 million. The increase was principally as a result of the Group's alliance with STA, a major outdoor advertising operator in the billboard sector. The strategic alliance with STA does not only demonstrate the Group's commitment to enriching its media portfolio and strengthening its presence outside its extensive transport media network in Shanghai, but also provides a more comprehensive outdoor advertising media package for the Group's clients. This diversification into other outdoor media formats beyond the transport sector will both expand the clientele of the two companies and maximize synergies.

Operating expenses

Staff costs for the Mainland China operations for the year ended 31 December 2003 amounted to HK$23.1 million and were maintained at the same level as for 2002.

Other operating expenses for the year ended 31 December 2003 amounted to HK$29.1 million, including a provision for bad and doubtful debts of HK$5.9 million. Other operating expenses, excluding the provision for bad and doubtful debts for the year ended 31 December 2003, increased by HK$3.4 million compared with the year of 2002. Higher operating expenses were mainly due to increases in office rental and marketing expenses. Other operating expenses, excluding the provision for bad and doubtful debts for the fourth quarter of 2003, were maintained at the same level as for the third quarter of 2003 and represented a decrease of 14% compared with the first quarter of 2003. The decrease was mainly a result of the adoption of cost control measurements.

EBITDA, adjusted EBITDA and Net Profits

With the implementation of cost control measures by the Group and containment of SARS, the Group's Mainland China operations reverted to net profits for both the third quarter and the fourth quarter which amounted to HK$1.3 million and HK$2.3 million respectively, and represented significant improvements compared with a net loss of HK$3.1 million for the second quarter and a net loss of HK$10.5 million for the first quarter of 2003.

EBITDA and adjusted EBITDA for the fourth quarter were HK$15.1 million and HK$19.2 million respectively, representing an increase of 10% and 7% respectively compared with the third quarter of 2003, and represented an increase of 27% and 23% respectively compared with the corresponding quarter of 2002.

Hong Kong operations

Turnover from the Hong Kong operations for the year ended 31 December 2003 amounted to HK$60.1 million, a decrease of 16% compared with the year of 2002. The decrease was mainly due to the outbreak of SARS and a decreasing number of media spaces upon expiry of certain site rental contracts. Turnover from the Hong Kong operations for the fourth quarter of 2003 amounted to HK$16.1 million, an increase of 22% compared with the third quarter of 2003. The increase was due to the overall improvement in turnover after SARS.

The Hong Kong operations achieved a net profit of HK$0.9 million in the fourth quarter of 2003, representing an improvement of 39% compared with HK$0.6 million for the third quarter and an improvement of HK$20.3 million compared with the corresponding quarter of 2002. This was the result of expiry of certain less-profitable site rental contracts and the implementation of cost reduction measures, including redundancies carried out in the Hong Kong office during the second quarter. The number of employees in the Hong Kong office was reduced by 33% from 30 employees to 20 employees. Staff costs for the fourth quarter of 2003, therefore, were reduced to HK$1.1 million, a decrease of 34% compared with the second quarter of 2003.

The Group considers that lower guaranteed payments for advertising sites and overheads has helped it to maintain its competitive edge in Hong Kong and will improve the returns in the future.

Liquidity and Financial Resources

	For the year ended 31 December 2003 HK$'000	2002 HK$'000
Cash generated from operations	**21,594**	21,878
Tax paid	**(5,719)**	(7,167)
Net cash from operating activities	**15,875**	14,711
Dividends received from POAD and Shanghai Metro JV	**11,443**	13,267
Dividends paid to minority shareholders	**(492)**	(3,796)
Interest paid net of interest received	**(10,229)**	(6,679)
Investment in Group companies and related companies	**597**	(2,240)
Acquisition of fixed assets, advertising rights and deposits paid	**(57,124)**	(89,115)
Net proceeds raised from listing	**–**	213,017
Increase in bank loans	**25,249**	95,845
Increase in pledged deposits	**(5,742)**	(118,858)
Net cash (outflow)/inflow from financing and investing activities	**(36,298)**	101,441
Net (decrease)/increase in cash and cash equivalents	**(20,423)**	116,152
Cash and cash equivalents at 1 January	**161,409**	45,257
Effect of foreign exchange rate changes	**(698)**	–
Cash and cash equivalents at 31 December	**140,288**	161,409

The Group continues to be in a healthy financial position. Despite sustaining a loss for the year ended 31 December 2003, principally due to SARS, the Group generated cash of HK$21.6 million from operations for the year ended 31 December 2003. Cash and bank balances at 31 December 2003 amounted to HK$140.3 million (2002: HK$161.4 million). Pledged deposits with banks for banking facilities made available to the Group as at 31 December, 2003 amounted to HK$202.2 million (2002: HK$196.4 million). The increase in the pledged deposits of HK$5.8 million was largely due to an increase in deposits pledged with banks for securing bank loans of HK$35.8 million (RMB38.0 million) for the strategic alliance with STA. As at 31 December 2003, the Group had bank loans of HK$257.4 million (2002: HK$232.2 million) and a Convertible Bond of HK$85.0 million (2002: HK$85.0 million) issued to the majority shareholder. The maturity date of the

Convertible Bond was 31 December 2004. However, Morningside CyberVentures Holdings Limited, the majority shareholder has, issued a letter to the Company undertaking not to demand repayment of the principal sum of HK$85.0 million due under the Convertible Bond for a period of 12 months from 31 December 2004.

As at 31 December 2003, the current ratio was 128% with HK$480.1 million of current assets against HK$376.0 million of current liabilities. The consolidated net asset value of the Group as at 31 December 2003 was HK$428.3 million or HK$0.5 per share.

Additions to fixed assets, mainly for the computer equipment, for the year ended 31 December 2003 amounted to HK$4.3 million and addition to advertising rights, mainly for the buses in Shanghai and Nanjing, amounted to HK$71.2 million.

The Group expects that internal reserves and cash flows from future operating activities and its available banking facilities will be sufficient to cover its future business operations.

The debt maturity profile of the Group as at 31 December 2003 is analysed as follows:

Type of debt	**Debt maturity**	*HK$ Million*	%
Short term bank loans	Repayable within 1 year	257.4	75
Convertible Bond	Repayable between 2 to 3 years	85.0	25
Total		342.4	100

Out of the total borrowings of HK$342.4 million, HK$251.6 million was denominated in Renminbi and HK$90.8 million was denominated in Hong Kong dollars. Bank loans of HK$257.4 million as at 31 December 2003, were secured by cash deposits of HK$199.9 million. Interest rates for bank borrowings denominated in Hong Kong dollars were at 0.75% over the bank's funding rate and interest rates for bank borrowings denominated in Renminbi ranged from 90% of the lending rate of the People's Bank of China ("PBOC") to 105% of the lending rate of the PBOC.

Interest is payable on the Convertible Bond, which was due to expire on 31 December 2004, at a rate of 2.5% per annum.

Treasury Policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial condition of its customers. To manage liquidity risk, the Finance Committee closely monitors the Group's liquidity position to ensure the liquidity structure of the Group's assets, liabilities and commitments and to ensure that the Group can meet its funding requirements.

The Group's assets, liabilities, revenues and expenses are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. The exchange rate between Hong Kong dollars and United States dollars is pegged and the exchange rate between Renminbi and Hong Kong dollars has been very steady in the past few years. During the year ended 31 December 2003, the Group normally used the receipts from customers and bank loans to pay its suppliers and meet its capital requirements. These are denominated in the local currency of the place in which its subsidiaries and joint ventures operate. The Group does not currently engage in hedging to manage possible exchange risk as the Group considers the cost associated with such hedging arrangements would exceed the benefits. However, the management will continue to monitor the relevant circumstances and will take such measures as it deems prudent.

The average outstanding days of the Group's accounts receivable was maintained at below 60 days.

Contingent liabilities

At 31 December 2003, the Group had contingent liabilities totaling HK$4,520,000 (2002: HK$4,703,000) in respect of bank guarantees given to independent third parties in the ordinary course of business to ensure the due performance of a subsidiary and observance of the obligations of the subsidiary to certain agreements.

At 31 December 2003, guarantees given by the Company to banks to secure banking facilities made available to the subsidiaries amounted to HK$132,170,000. (2002: HK$166,729,000)

Operating lease commitments

Operating lease commitments due within one year for the Mainland China and Hong Kong segments as at 31 December 2003 and 31 December 2002 are set out below.

Within one year	**Mainland China**	**Hong Kong**	**Total**
	HK$ million	*HK$ million*	*HK$ million*
At 31 December 2003	33.3	13.7	47.0
At 31 December 2002	28.4	37.1	65.5

Operating lease commitments due within one year at 31 December 2003 for the Mainland China segment remained low and amounted to HK$33.3 million (2002: HK$28.4 million). The increase of HK$4.9 million was due to the advertising rights secured for approximately 4,000 buses in Shanghai at the end of 2003. Securing the exclusive advertising rights to these additional buses in Shanghai is of strategic importance to the Group as Shanghai is the city with the highest advertising spending in Mainland China.

Operating lease commitments due within one year at 31 December 2003 for the Hong Kong operations were reduced to HK$13.7 million from HK$37.1 million at 31 December 2002. The decrease was mainly due to the expiration of media sites with fixed and high site rental in 2003.

Employee Information

At 31 December 2003, the Group had a total of 269 (31 December 2002: 273) employees, of which 249 (31 December 2002: 243) were located in Mainland China and 20 (31 December 2002: 30) in Hong Kong. Total salaries and related costs incurred in the year ended 31 December 2003 including directors' emoluments, amounted to HK$30.1 million (year ended 31 December 2002: HK$33.7 million).

The salary and benefit levels of the Group's employees are kept at a market competitive level and employees are rewarded on a performance related basis. Staff benefits, including medical coverage and provident funds are also provided to employees. In addition, training and development programmes are provided on an ongoing basis. Social, sporting and recreational activities were arranged during the year for employees.

The Group has adopted a share option scheme whereby selected employees of the Group may be granted share options to subscribe for shares of the Company for the purpose of recognising the contribution made by such employees and retaining the services of the employees who will continue to make a valuable contribution to the Group.

Significant Investments and Acquisitions

In March 2003, the Group made a capital investment of HK$1.1 million to fund the establishment of a joint venture in Shenzhen to explore opportunities in the southern part of Mainland China.

In April 2003, the Group entered into a strategic long term alliance with Shanghai Tulip Advertising Co., Ltd., one of the major outdoor advertising media players in Shanghai for co-operation in planning, development, management and marketing of outdoor advertising media including billboards, neon signs, unipoles and large scale display screens in Shanghai.

In December 2003, the Group entered into agreements with various bus companies in Shanghai, securing the exclusive advertising media rights to operate and market the advertising media relating to their bus fleets averaging approximately 10 years commencing from 1 January 2004. According to the terms of such agreements, the Group has secured exclusive advertising rights for buses running along routes with high passenger flows in Shanghai.

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

The Board of Directors (the "Board") of Media Partners International Holdings Inc. (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2003 together with the comparative audited figures for the previous year as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Expressed in Hong Kong dollars)

		For the year ended 31 December	
		2003	2002
	Note	***$'000***	*$'000*
Operating revenue			
Turnover	*2*	**277,205**	290,804
Other revenue		**15,280**	17,305
Other net income		**31**	205
Operating expenses			
Site rental		**(102,852)**	(94,266)
Other direct costs		**(97,242)**	(124,746)
Staff costs		**(30,054)**	(33,691)
Depreciation and amortisation		**(40,987)**	(34,843)
Other operating expenses		**(34,405)**	(28,971)
Provision for onerous contracts		**–**	(12,626)
Loss from operations		**(13,024)**	(20,829)
Finance costs	*3*	**(13,774)**	(11,293)
Share of profits less losses of associates		**2,155**	2,276
Share of profits less losses of jointly controlled entities		**20,080**	15,847
Loss from ordinary activities before taxation		**(4,563)**	(13,999)
Taxation	*4*	**(14,424)**	(12,564)
Loss from ordinary activities after taxation		**(18,987)**	(26,563)
Minority interests		**(2,787)**	(3,378)
Loss attributable to shareholders		**(21,774)**	(29,941)
Loss per share			
– Basic	*5*	**(2.6) cents**	(3.6) cents

NOTES TO THE FINANCIAL STATEMENTS:

1. Principal accounting policies and basis of presentation

(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.

(b) Basis of preparation of the financial statements

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

The Company became the holding company of the Group on 9 January 2002 pursuant to a Group Reorganisation. Accordingly, the consolidated financial statements have been prepared using the merger accounting methodology on the basis of historical costs and as if the subsidiaries had been part of the Group throughout the periods presented, except for any acquisition or disposals subsequent to the Reorganisation, which are accounted for under the acquisition basis of accounting.

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.

(c) Statement of compliance

The 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 Society of 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

(d) Changes in accounting policies

The Group has adopted the revised Statement of Standard Accounting Practice 12 "Income taxes" ("SSAP12") which became effective on 1 January 2003. The adoption of the revised SSAP12 has no material effect on the Group's financial results for the year ended 31 December 2003.

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:

	2003	2002
	$'000	*$'000*
Advertising fees	**232,341**	244,533
Signage production and maintenance fees	**44,864**	46,271
	277,205	290,804

3. Finance costs

	2003	2002
	$'000	*$'000*
Interest on bank advances and other borrowings repayable within five years	**12,626**	9,066
Interest on Convertible Bond	**1,086**	2,078
Other borrowing costs	**62**	149
	13,774	11,293

4. Taxation

	2003	2002
	$'000	*$'000*
Provision for Hong Kong Profits Tax	**–**	–
Overprovision for Hong Kong Profits Tax in respect of prior years	**(43)**	(70)
	(43)	(70)
PRC taxation	**6,938**	6,397
Deferred taxation	**45**	(49)
Share of taxation of jointly controlled entities	**6,970**	5,956
Share of taxation of associates	**514**	330
	14,424	12,564

The provision for Hong Kong profits tax has been calculated separately at 17.5% (2002:16%) of the estimated assessable profits for the year ended 31 December 2003 of each subsidiary and associate of the Group with operations subject to Hong Kong profits tax.

Taxation for subsidiaries and jointly controlled entities operating in the People's Republic of China ("the PRC") except noted hereinafter is calculated at 33% (2002: 33%) of the estimated assessable profits of these entities for the year ended 31 December 2003.

Pursuant to the relevant laws and regulations in the PRC, Chongqing MPI Public Transportation Advertising Co., Ltd. ("CQMPI"), a non-wholly owned subsidiary of the Group is entitled to a reduction in the applicable rate of PRC Foreign Enterprises Income Tax ("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.

The Group has not accounted for the deferred taxation assets attributable to the future benefits 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 2003.

The Group has not accounted for the deferred taxation assets attributable to the future benefits of tax losses in respect of the Mainland China operations as it is not certain the relevant Mainland China operations will generate future taxable profits before the accumulated tax losses expire.

5. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders of $21,774,000 (2002: $29,941,000) and the weighted average of 853,800,000 ordinary shares (2002: 822,221,918 ordinary shares) outstanding.

(b) Diluted loss per share

There is no diluted loss per share for the years ended 31 December 2002 and 2003, as there were no dilutive potential ordinary shares during these years.

6. Movement of reserves

	Share premium	**Merger reserves**	**Other capital reserves**	**Exchange reserves**	**Revenue reserves**	**Total**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 January 2002	–	255,466	(61,518)	–	(33,998)	159,950
Capitalisation of shareholders' loans	42,078	–	–	–	–	42,078
Share premium arising on issue of placing shares	213,800	–	–	–	–	213,800
Share issue expenses	(22,163)	–	–	–	–	(22,163)
Movements arising from the Reorganisation	–	(100)	–	–	–	(100)
Loss for the year	–	–	–	–	(29,941)	(29,941)
At 31 December 2002	233,715	255,366	(61,518)	–	(63,939)	363,624
At 1 January 2003	233,715	255,366	(61,518)	–	(63,939)	363,624
Movements arising from changes in exchange rate	–	–	–	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

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. The movement in merger reserves during the year ended 31 December 2002 represented the excess of the par value of the shares of the subsidiaries which the Company acquired over the par value of the Company's shares issued in consideration thereof.

	2003	2002
	$'000	*$'000*
(Loss)/profit for the year is retained by:		
– The company and its subsidiaries	**(25,082)**	(28,511)
– Associates	**1,641**	(1,974)
– Jointly controlled entities	**1,667**	544
	(21,774)	(29,941)

Included in the figure for revenue reserves at 31 December 2003 are reserves of $4,057,000 (2002: $2,416,000) attributable to associates and reserves of $11,039,000 (2002: $9,372,000) attributable to the jointly controlled entities.

7. Operating lease commitments

At 31 December 2003, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	2003			2002		
	Property	**Site rentals**	**Total**	Property	Site rentals	Total
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Within one year	**2,575**	**44,439**	**47,014**	1,962	63,572	65,534
After one year but within five years	**3,525**	**267,677**	**271,202**	320	117,622	117,942
After five years	**2,311**	**588,665**	**590,976**	–	380,564	380,564
	8,411	**900,781**	**909,192**	2,282	561,758	564,040

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.

8. 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.

	Year ended 31 December									
	Hong Kong		Mainland China		Inter-segment elimination		Unallocated		Consolidated	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Turnover	**60,062**	71,901	**217,143**	218,903	**–**	–	**–**	–	**277,205**	290,804
Other revenue	**202**	1,479	**14,740**	14,227	**–**	–	**338**	1,599	**15,280**	17,305
Total revenue	**60,264**	73,380	**231,883**	233,130	**–**	–	**338**	1,599	**292,485**	308,109
Segment result and (loss)/profit from operations	**(8,251)**	(37,449)	**(793)**	20,795	**–**	–	**(3,980)**	(4,175)	**(13,024)**	(20,829)
Finance costs	**(187)**	(262)	**(12,501)**	(8,953)	**–**	–	**(1,086)**	(2,078)	**(13,774)**	(11,293)
Share of profits less losses of associates	**2,155**	2,276	**–**	–	**–**	–	**–**	–	**2,155**	2,276
Share of profits less losses of jointly controlled entities	**–**	–	**20,080**	15,847	**–**	–	**–**	–	**20,080**	15,847
(Loss)/profit from ordinary activities before taxation	**(6,283)**	(35,435)	**6,786**	27,689	**–**	–	**(5,066)**	(6,253)	**(4,563)**	(13,999)
Taxation	**(515)**	(211)	**(13,909)**	(12,353)	**–**	–	**–**	–	**(14,424)**	(12,564)
(Loss)/profit from ordinary activities after taxation	**(6,798)**	(35,646)	**(7,123)**	15,336	**–**	–	**(5,066)**	(6,253)	**(18,987)**	(26,563)
Minority interests	**53**	26	**(2,840)**	(3,404)	**–**	–	**–**	–	**(2,787)**	(3,378)
(Loss)/profit attributable to shareholders	**(6,745)**	(35,620)	**(9,963)**	11,932	**–**	–	**(5,066)**	(6,253)	**(21,774)**	(29,941)
Depreciation and amortisation	**875**	1,265	**40,112**	33,578	**–**	–	**–**	–	**40,987**	34,843
Capital expenditure incurred during the year	**506**	1,275	**110,882**	27,457	**–**	–	**–**	–	**111,388**	28,732

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2003 (31 December 2002: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

BOARD PRACTICES AND PROCEDURES

During the year ended 31 December 2003, the Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

By order of the Board
Winnie Pik Shan To
Chief Executive Officer

Hong Kong, 17 March 2004

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