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If you are in doubt as to any aspect of this circular, you should consult a licensed securities dealer, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Media Partners International Holdings Inc., you should at once hand this circular and the accompanying form to the purchaser or to the bank, a licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser.

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Media Partners International Holdings Inc.

媒體伯樂集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8072)

**PROPOSAL TO INCREASE AUTHORISED SHARE CAPITAL
AND
CONNECTED TRANSACTION IN RESPECT OF
THE ISSUANCE OF CONVERTIBLE BOND**



**Independent Financial Adviser to the Independent Board Committee
G.K. Goh Securities (H.K.) Limited**

A letter from the Independent Board Committee of Media Partners International Holdings Inc. is set out on page 10 of this circular.

A letter from G.K. Goh containing its advice to the Independent Board Committee of Media Partners International Holdings Inc. is set out on pages 11 to 17 of this circular.

A notice convening an EGM of Media Partners International Holdings Inc. to be held at 22nd Floor, Hang Lung Centre, 2-20 Paterson Street, Causeway Bay, Hong Kong at 11:00 a.m. on 13th December, 2004 is set out on pages 26 and 27 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event by not later than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

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

3rd November, 2004

* For identification purpose only

CHARACTERISTICS OF THE 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 traded on the Main Board 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 at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the content requires otherwise.

“Board”	board of Directors
“Chan family”	the late Mr. Chan Tseng Hsi, his wife Mdm. Chan Tan Ching Fen, the mother of Mr. Gerald Lokchung Chan and various trusts established by Mdm. Chan Tan Ching Fen for the benefit of certain members of her family and other charitable objects
“Convertible Bond”	the convertible bond with the principal amount of HK\$85,000,000 to be convertible into Shares (at the Conversion Price) proposed to be issued by the Company, and which terms are set out in the section headed “Convertible Bond” in this circular
“Convertible Bond Agreement”	the conditional convertible bond agreement entered into between the Company and MSCV on 13th October, 2004 in relation to the proposed issue of the Convertible Bond
“Conversion Price”	HK\$0.5 (subject to adjustment) per Conversion Share
“Conversion Share(s)”	the new Shares issuable upon the conversion of any part of the Convertible Bond
“Directors”	the directors of the Company which, unless the context otherwise requires, include the independent non-executive directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on 13th December, 2004 and held at 22nd Floor, Hang Lung Centre, 2-20 Paterson Street, Causeway Bay, Hong Kong for the purpose of approving the matters referred to in this circular
“Existing Convertible Bond”	the existing convertible bond of a principal amount of HK\$85,000,000 issued to MSCV at a conversion price of HK\$1.21 per share (subject to adjustment) which will expire on 31st December, 2004 with the principal amount and accrued and unpaid interest at 2.5% per annum being repayable on expiry
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

DEFINITIONS

“G.K. Goh”	G.K. Goh Securities (H.K.) Limited, a deemed licensed corporation to carry out 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 and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Convertible Bond Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising the Independent Directors
“Independent Directors”	the independent non-executive directors of the Company presently being Mr. Philip Tit Hon HUNG, Mr. Paul Laurence SAFFO and Mr. Meocre Kwok Wing LI
“Independent Shareholders”	shareholders other than MSCV and its associates (as that term is defined in the GEM Listing Rules)
“Latest Practicable Date”	29th October, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Mainland China”	The PRC, which for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Morningside group”	collectively, private companies controlled by the Chan family and exclude listed companies and their respective subsidiaries
“MSCV”	Morningside CyberVentures Holdings Limited, a private company incorporated in the British Virgin Islands with limited liability. It is an investment holding company and is the controlling shareholder of the Company. It is a wholly-owned subsidiary of Verrall Limited and part of the Morningside group
“PRC”	The People’s Republic of China

DEFINITIONS

“Shares”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Verrall Limited”	Verrall Limited, a company incorporated in the Isle of Man, is the trustee of a trust established by the Chan family

LETTER FROM THE BOARD



Media Partners International Holdings Inc.

媒體伯樂集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8072)

Executive Directors:

Mr. George Ka Ki Chang (*Vice Chairman*)

Ms. Winnie Pik Shan To (*Chief Executive Officer*)

Mr. Tony Cheung Kin Au-Yeung

Non-executive Director:

Mr. Gerald Lokchung Chan (*Chairman*)

Independent non-executive Directors:

Mr. Philip Tit Hon Hung

Mr. Meocre Kwok Wing Li

Mr. Paul Laurence Saffo

Registered office:

Century Yard

Cricket Square

Hutchins Drive

PO Box 2681 GT

George Town

Grand Cayman

British West Indies

Principal place of business

in Hong Kong:

15th Floor, Rooms 1506-1510

Hang Lung Centre

2-20 Paterson Street

Causeway Bay

Hong Kong

3rd November, 2004

To the Shareholders

Dear Sir or Madam,

**PROPOSAL TO INCREASE AUTHORISED SHARE CAPITAL
AND
CONNECTED TRANSACTION IN RESPECT OF
THE ISSUANCE OF CONVERTIBLE BOND**

INTRODUCTION

The Board would like to refer you to the announcement of the Company dated 13th October, 2004 in respect of the connected transaction involving the issuance of the Convertible Bond and the proposal to increase authorised share capital of the Company.

The purpose of this circular are to give you (i) further information on, among other matters, the Convertible Bond Agreement and the proposal to increase authorised share capital and (ii) to provide notice of the EGM at which necessary resolutions will be proposed to seek the shareholders' approval of the abovementioned transactions.

* *For identification purpose only*

LETTER FROM THE BOARD

CONVERTIBLE BOND

On 13th October, 2004 the Company entered into a Convertible Bond Agreement with MSCV pursuant to which the Company agreed to issue the Convertible Bond to MSCV. The principal terms of the Convertible Bond are set out below:–

PRINCIPAL TERMS OF THE CONVERTIBLE BOND

Principal amount of the Convertible Bond

HK\$85,000,000.

Term

3 years from 1st January, 2005 to 31st December, 2007.

Voting

The holder of the Convertible Bond will not be entitled to attend or vote at any general meeting of the Company.

Interest

No interest is payable.

Conversion Period

During the period from 1st January, 2005 and up to 31st December, 2007.

Repayment

On 31st December, 2007, the Company shall repay, unless previously converted or repaid, 103% of the outstanding principal amount under the Convertible Bond to holder(s) of the Convertible Bond. Accordingly, the outstanding principal amount at maturity shall be repaid together with a redemption premium. The Company is entitled to prepay prior to maturity, without penalty, the outstanding principal amount under the Convertible Bond from time to time.

Conversion Price

HK\$0.5 per Conversion Share (subject to adjustment), determined on an arm's length basis between the Company and MSCV, and representing a premium of approximately 33.33% to the last closing price of HK\$0.375 per Share quoted on the Stock Exchange on 12th October, 2004, being the last trading day prior to the signing of the Convertible Bond Agreement, and 32.45% to the average closing price of HK\$0.3775 per Share quoted on the Stock Exchange for the ten consecutive trading days up to and including 12th October, 2004.

LETTER FROM THE BOARD

Conversion Rights

MSCV or any subsequent transferee of the Convertible Bond may exercise its rights to convert the Convertible Bond into Shares prior to the maturity of the Convertible Bond.

The Convertible Bond may be converted in full or in part (in an amount or an integral multiple of HK\$1,000,000) of the principal amount outstanding thereof, and any new Shares issued as a result of the exercise of the conversion rights attached to the Convertible Bond shall rank pari passu in all respects with the then existing Shares. MSCV has, in accordance with the terms of the Convertible Bond, undertaken to the Company and the Stock Exchange that it will not exercise the conversion rights attached to the Convertible Bond if this may result in the public holding of Shares falling below 25% or such other percentage as required under the GEM Listing Rules from time to time.

Transfer

The Convertible Bond may be assigned or transferred in whole or in part subject to compliance with all relevant laws, regulations and approvals.

Security

Unsecured and ranking pari passu with all other present and future unsecured and other general obligations of the Company, except for obligations accorded preference by mandatory provisions of all applicable laws.

Listing of the Convertible Bond

No application will be made for the listing of the Convertible Bond on any stock exchange. However, application would be made to the Stock Exchange for the listing of and permission to deal in any Shares which fall to be issued upon exercise of the Convertible Bond.

Relationship between the Company and MSCV

As at the date of this circular, MSCV owns 626,550,000 Shares representing approximately 73.38% of the entire issued share capital of the Company. Hence, MSCV is therefore a controlling shareholder of the Company. As such, MSCV and its associates are considered to be connected persons of the Company under the GEM Listing Rules.

Therefore, any transactions between MSCV and the Company constitute connected transactions under the GEM Listing Rules. The issue of the Convertible Bond constitutes a connected transaction for the Company under the GEM Listing Rules. Hence, the above transaction is subject to reporting, announcement and the Independent Shareholders' approval requirements under Rules 20.18 to 20.20 of the GEM Listing Rules.

LETTER FROM THE BOARD

Conditions of the Convertible Bond

Subject to the conditions referred to below, completion of the issue of the Convertible Bond will take place on 31st December, 2004:–

1. The Independent Shareholders approving the Convertible Bond Agreement and issue of the Convertible Bond thereunder; and
2. The Stock Exchange granting listing of and permission to deal in all the Conversion Shares which may fall to be issued by the Company upon conversion of the Convertible Bond.

If the abovementioned conditions are not fulfilled on or before 31st December, 2004, the Convertible Bond Agreement shall lapse.

Effect on the share capital of the Company as a result of conversion

Upon full conversion of the Convertible Bond at the initial conversion price (subject to adjustment as described below), 170,000,000 Conversion Shares, representing approximately 19.91% of the issued share capital of the Company as at the date of this circular, and approximately 16.60% of the issued share capital of the Company as enlarged solely by the issue of the Conversion Shares following full conversion of the Convertible Bond and assuming no further issue of Shares and/or repurchase of Shares after the publishing of this circular. The terms of the Convertible Bond provide for the usual adjustments to the Conversion Price in the event of, among others things, a consolidation or subdivision of the Shares and reduction of share capital, if any.

The following table summarises the potential effects on the shareholding structure of the Company as a result of the issue of the Convertible Bond (with reference to the current shareholdings):–

Shareholder	Existing (as at the date of this circular)		Assuming the Convertible Bond is fully converted into Shares at the conversion price of HK\$0.5 each	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of the enlarged share capital of the Company
MSCV	626,550,000	73.38%	796,550,000	77.80%
Winnie Pik Shan To (a Director)	12,800,000	1.5%	12,800,000	1.25%
Public Shareholders	214,450,000	25.12%	214,450,000	20.95%
Total	853,800,000	100%	1,023,800,000	100%

LETTER FROM THE BOARD

MSCV has in accordance with the terms of the Convertible Bond, undertaken to the Company and the Stock Exchange that it will not exercise the conversion rights attached to the Convertible Bond if this may result in the public holding of the Shares falling below 25% or such other percentage as required under the GEM Listing Rules from time to time.

Background and purpose of the Convertible Bond

The Existing Convertible Bond was issued by the Company to MSCV with the principal amount of HK\$85 million at a conversion price of HK\$1.21 per share (subject to adjustment) which will expire on 31st December, 2004. Any interest payable under the Existing Convertible Bond shall be paid upon expiry. In the meantime, MSCV has unilaterally undertaken not to demand repayment under the Existing Convertible Bond within 12 months from 31st December, 2004.

The issue of the Convertible Bond of HK\$85 million will be in return for the cancellation of the Existing Convertible Bond which is due to expire on 31st December, 2004

Reasons for entering into the Convertible Bond Agreement

The terms and conditions of the Convertible Bond Agreement have been negotiated between the Company and MSCV on an arm's length basis and are on normal commercial terms. The Board considers that the issue of the Convertible Bond in return for the cancellation of the Existing Convertible Bond is in the interests of the Company and Shareholders as a whole.

Further to the announcement dated 23rd July, 2004, the Group has also secured the exclusive advertising rights within Nanjing Metro Line 1 (Phase 1) for 18 years. The Directors consider that the issue of the Convertible Bond in return for the cancellation of the Existing Convertible Bond will maintain the Group's financial resources and enable the Group to use such resources to fund the existing business commitments and is therefore in the best interests of the Company.

The executive Directors are of the view that the terms of the Convertible Bond Agreement are fair and reasonable and in the best interests of the Company.

PROPOSAL TO INCREASE AUTHORISED SHARE CAPITAL

In addition, as the Company proposes to convene the EGM to approve the matters referred to above, it will also take the opportunity to increase its authorised share capital from HK\$100,000,000 to HK\$150,000,000. Based on its current issued share capital of approximately HK\$85.4 million, in order to take advantage of the usual general mandate to the fullest extent and the issue of Shares under outstanding options granted under the Company's share option scheme, the Company would have to increase its authorised share capital.

INFORMATION OF THE COMPANY

The Company was incorporated in the Cayman Islands on 14th May, 2001 and its Shares are listed on GEM. The Group is principally engaged in the management and operation of a prominent network of outdoor advertising media in Mainland China and Hong Kong.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at 22nd Floor, Hang Lung Centre, 2-20 Paterson Street, Causeway Bay, Hong Kong on 13th December, 2004 at 11:00 a.m. for the purpose of considering and, if considered necessary, passing the ordinary resolutions in relation to the Convertible Bond Agreement (and associated matters) and the proposed increase of authorised capital of the Company are set out on pages 26 and 27 of this circular.

The voting in respect of the approval of the abovementioned resolutions will be conducted by way of a poll. MSCV and its associates are required to abstain from voting on the resolution to approve the Convertible Bond Agreement (and associated matters).

A form of proxy for use at the EGM is enclosed in this circular. Whether or not you intend to be present at the EGM, you are requested to complete this form of proxy and return it to the office of the Company's branch share registrars, Tengis Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

An announcement will be made by Company following the conclusion of the EGM to inform you the results of the EGM.

RECOMMENDATION

The Board considers that the issue of the Convertible Bond and the proposed increase authorised capital of the Company are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 10 of this circular which contains its recommendation to the Independent Shareholders concerning the Convertible Bond Agreement; (ii) the letter from G.K. Goh set out on pages 11 to 17 of this circular which contains the recommendation of G.K. Goh to the Independent Board Committee in relation to the Convertible Bond Agreement and the principal factors and reasons considered by G.K. Goh in arriving at its recommendation.

FURTHER INFORMATION

Your attention is also drawn to the general information set out in Appendix I of this circular.

Yours faithfully,
For and on behalf of the Board
George Ka Ki Chang
Vice Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Media Partners International Holdings Inc.

媒體伯樂集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8072)

3rd November 2004

To the Independent Shareholders

Dear Sir and Madam,

CONNECTED TRANSACTION

We refer to the circular of the Company dated 3rd November 2004 (the “Circular”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether, in our opinion, the terms of the Convertible Bond Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

G.K. Goh has been appointed by the Company as the independent financial adviser to advise us regarding the terms of the Convertible Bond Agreement. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter on pages 11 to 17 of the Circular. Your attention is drawn to the letter from the Board set out on pages 4 to 9 of the Circular and the additional information set out in the Appendix I.

Having taken into account the terms of the Convertible Bond Agreement and the advice given by G.K. Goh, we consider that the terms of the Convertible Bond Agreement are in the interests of the Company and the Independent Shareholders, and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Shareholders should vote in favour of the resolution approving the Convertible Bond Agreement at the EGM.

Yours faithfully,

Philip Tit Hon Hung, Meocre Kwok Wing Li and Paul Laurence Saffo
Independent Board Committee

* *For identification purpose only*

LETTER FROM G.K. GOH

The following is the letter of advice from G.K. Goh to the Independent Board Committee prepared for the purpose of inclusion in this circular.



G.K. Goh Securities (H.K.) Limited

Suite 1808
Alexandra House
16-20 Chater Road
Central
Hong Kong

3rd November 2004

*To the Independent Board Committee of
Media Partners International Holdings Inc.*

Dear Sirs,

CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee as to whether the Convertible Bond Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. Details of the Convertible Bond Agreement are set out in the “Letter from the Board” contained in the circular of the Company dated 3rd November 2004 (the “Circular”), of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as defined in the Circular.

The Independent Board Committee, comprising Messrs. Philip Tit Hon Hung, Meocre Kwok Wing Li and Paul Laurence Saffo, being all of the independent non-executive Directors, has been formed to consider and advise the Independent Shareholders on the terms of the Convertible Bond Agreement. MSCV and its associates (as defined under the Listing Rules) will abstain from voting on the resolutions approving the Convertible Bond Agreement at the EGM.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Group. The Directors have declared in a responsibility statement set out in Appendix I to the Circular that they jointly and severally accept full responsibility for the accuracy of the information contained in the Circular. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed. We have relied on such information and consider that we have been provided with sufficient information to reach an informed view and have no reason to believe that any material information has been withheld, nor to doubt the truth or accuracy of the information provided. We have not, however, conducted an independent investigation into the affairs of any members of the Group.

LETTER FROM G.K. GOH

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms and conditions of the Convertible Bond are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

Background and reasons

The Group is principally engaged in the management and operation of a prominent network of outdoor advertising media in Hong Kong and the Mainland China. We note that on 13th October, 2004 the Company has entered into the Convertible Bond Agreement with MSCV whereby the Company has agreed to issue and MSCV has agreed to subscribe for the Convertible Bond in the principal amount of HK\$85 million. At present, MSCV is the controlling Shareholder interested in approximately 73.38% of the issued share capital of the Company.

The Existing Convertible Bond (“Existing CB”) was issued by the Company to MSCV, in satisfaction of outstanding loans in an amount of HK\$85 million due from the Company to MSCV prior to the listing of the Shares in January 2002, and bears interest at a rate of 2.5% per annum and at the conversion price of HK\$1.21 per Share (which was fixed at 110% to the then issue price of HK\$1.10 of the Shares). The Existing CB will have to be repaid, unless previously repurchased, cancelled, redeemed or converted, on 31st December, 2004. We noted that in March 2004, MSCV has undertaken to the Company not to demand repayment of the principal amount of the HK\$85 million due under the Existing CB for a period of 12 months from its expiry date (31st December, 2004). We also noted that since the listing of the Shares on GEM, the price of Shares was below the conversion price of the Existing CB. For the past 12 months preceding the date of the Convertible Bond Agreement, the Shares have been trading within a price range of HK\$0.28 and HK\$0.60. As at the Latest Practicable Date, the Directors confirmed that MSCV had not redeemed any part of the Existing CB since its issue in January 2002. As the existing conversion price of the Existing CB is well above the prevailing Share price, it is unlikely that MSCV will exercise the conversion rights underlying the Existing CB.

As disclosed in the 2004 unaudited interim report of the Company, the Group had a net cash position (being cash and cash equivalent plus pledged deposits less bank loans) before repayment of the Existing CB of approximately HK\$93.3 million as at 30th June, 2004. We also note that in July 2004, the Group had secured the exclusive advertising rights within Nanjing Metro Line 1 (Phase 1) for 18 years which would require a total investment of RMB120 million (including a capital contribution of RMB60 million). Furthermore, we have been advised by the Directors and the management of the Company that it would be in the interests of the Company to reserve its cash position for the existing media business development in the Mainland China and the Group’s general working capital.

In terms of other funding alternatives, we note that the Directors and the management of the Company have taken into account the existing performance of the price of the Shares and the business development and prospects of the Group and consider that it would not be in the interests of the Company and the Shareholders as a whole to raise equity funding at the current Share price level or to raise bank borrowings such as to increase the gearing level of the Group in order to repay the Existing CB.

LETTER FROM G.K. GOH

Given the above, we concur with the views of the Directors that it would be in the interests of the Company and the Shareholders as a whole to maintain its existing gearing and working capital position and to issue the Convertible Bond in return for the cancellation of the Existing CB. Given the substantial premium of the Conversion Price over the prevailing price of the Shares, barring unforeseeable circumstances, the issue of the Convertible Bond should have no immediate shareholding dilution effect on the part of the Independent Shareholders.

Salient terms of the Convertible Bond

Particulars of the principal terms of the Convertible Bond are set out on pages 5 to 8 of the Circular.

We note that the Conversion Price of HK\$0.50 per Share (subject to adjustment) represents:

- a premium of approximately 40.85% over the closing price of Shares of HK\$0.355 as quoted on the Stock Exchange on 13th October, 2004, being the date of the Convertible Bond Agreement;
- a premium of approximately 33.33% over the average closing price of Shares as quoted on the Stock Exchange of approximately HK\$0.375 for the ten trading days up to and including the date of the Convertible Bond Agreement;
- a premium of approximately 56.25% over the closing price of Shares of HK\$0.32 as quoted on the Stock Exchange on 29th October, 2004, being the Latest Practicable Date; and
- a premium of approximately 150% over the unaudited NTA per Share as at 30th June, 2004 of approximately HK\$0.20.

LETTER FROM G.K. GOH

For further comparison and analysis purposes, we have reviewed the principal terms of convertible notes and bonds denominated in HK\$ and US\$ issued and announced by the companies listed on the Stock Exchange from April 2004 to the Latest Practicable Date (the “CB Comparables”) and set out the findings as follows:

Name of company	Date of announcement	Principal amount <i>(in million)</i>	Duration <i>(Year)</i>	Coupon rate/effective coupon rate ¹ <i>(%)</i>	Conversion premium (discount)/share price ² <i>(%)</i>	Conversion price to latest audited NTA/share <i>(Times)</i>	Redemption premium at maturity ³ <i>(%)</i>
Xinao Gas Holdings Limited	27/10/2004	HK\$475	5	Nil/1.3	25.00	3.77	106.43
Sino Land Company Limited	20/10/2004	HK\$2000	5	1.63/1.63	33.00	0.83	–
South Sea Petroleum Holdings Limited	06/10/2004	HK\$63.8	3	1.0/7.3	24.00	1.84	120.00
Clear Media Limited	20/09/2004	HK\$312	5	Nil / 4.0	35.00	0.39	121.90
Silver Grant International Industries Limited	21/09/2004	HK\$440	2	1.5/1.5	-12.87	1.30	–
Melco International Development Limited	13/09/2004	HK\$100	5	4.0/4.0	50.9	2.20	–
Tack Fat Group International Limited	13/09/2004	US\$30	5	1.0/1.0	39.00	0.26	–
Zhong Hua International Holdings Limited	19/07/2004	HK\$30	2	2.75/2.75	11.1	1.40	–
Neo-China Group (Holding) Ltd	30/06/2004	HK\$100	3	1.0/1.0	8.8	1.80	–
Soundwill Holdings Limited	21/06/2004	HK\$147.2	4	3% below prime lending rate	18.3	0.13	–
Techtronic Industries Co., Ltd	17/06/2004	US\$140	5	Nil/1.5	38.0	5.60	107.76

LETTER FROM G.K. GOH

Name of company	Date of announcement	Principal amount <i>(in million)</i>	Duration <i>(Year)</i>	Coupon rate/effective coupon rate ¹ <i>(%)</i>	Conversion premium (discount)/ share price ² <i>(%)</i>	Conversion price to latest audited NTA/share <i>(Times)</i>	Redemption premium at maturity ³ <i>(%)</i>
Medtech Group Company Limited	16/06/2004	HK\$20	2	4.0/4.0	(23.10)	10.00	–
Yugang International Ltd	25/05/2004	HK\$70	3	3.0/3.0	127.10	(0.58)	–
Tomson Group Limited	31/05/2004	US\$50	5	Nil/3.3	25.00	0.54	117.49
CIG-WH International (Holdings) Limited	12/05/2004	HK\$ 11.5	1.5	1.0/4.3	13.00	0.24	105.00
New Century Group Hong Kong Limited	01/04/2004	US\$10.7	2	1.0/1.0	Nil	2.90	–
Goldbond Group Holdings Limited	01/04/2004	HK\$69	3	Nil/Nil	(3.40)	0.97	–
Credit Card DNA Security System (Holdings) Limited	13/04/2004	HK\$70	3	2.0/2.0	12.70	18.60	–
<i>Average (excluding the highest and lowest figures)</i>					<i>19.80</i>	<i>2.10</i>	
The Convertible Bond		HK\$85	3	Nil/1.0	33.33	2.50	103.00

Source: www.hkex.com.hk, however, we cannot state with certainty that the list is exhaustive.

Note:

1. Effective coupon rate represents the coupon rate per annum after taking into account the effect of the redemption premium payable at maturity of the convertible issues.
2. Conversion premium represents the percentage of conversion price in excess of the latest closing price as disclosed in the relevant announcements.
3. Redemption premium at maturity represents the percentage of the excess of the redemption amount at the time of maturity over the principal amount.

LETTER FROM G.K. GOH

As noted from the above Convertible Bond Comparables, the conversion premium (in terms of share price and NTA) and the effective coupon rate (after taking into account the redemption premium at maturity) of the Convertible Bond compare favourably with those of the Convertible Bond Comparables. As such, we are of the view that the terms of the Convertible Bond Agreement is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders and the Company are concerned.

Possible financial effects

As the principal amount of the Convertible Bond is identical to those of the Existing CB of HK\$85 million, there will be no effect on the NTA of the Group as a result of the issue of the Convertible Bond. Furthermore, as there is no immediate cash outflow for the settlement of the Existing CB, and with the zero coupon rate of the Convertible Bond, the entering into of Convertible Bond Agreement will have no material adverse effect on the gearing level as well as the working capital position of the Group.

Possible shareholding dilution effect

Upon full conversion of the Convertible Bond, approximately 170 million new Shares will be issued to MSCV, which represent approximately 19.9% of the existing issued share capital of the Company and approximately 16.6% of the enlarged share capital of the Company. The aggregate shareholding of MSCV upon full conversion of the Convertible Bond will increase from approximately 73.4% to 77.8%. Accordingly, the shareholding of the Independent Shareholders will be diluted from approximately 25.12% to approximately 20.95% upon full conversion of the Convertible Bond.

The existing conversion price of the Existing CB is well above the current Share price, thus it is unlikely that MSCV will exercise the conversion rights underlying the Existing CB.

With the Group's business development in the PRC outdoor advertising market, we concur with the views of the Directors that it would be in the interest of the Company to maintain its existing gearing and working capital position for the existing media business development as compared to making repayment of the Existing CB. Given 1) the substantial conversion premium; 2) the undertaking given by MSCV that it will not exercise any conversion rights of the Convertible Bond such that the public float will fall below the minimum percentage as required under the GEM Listing Rules; and 3) the 3-year term of the Convertible Bond, barring unforeseeable circumstances, the issue of the Convertible Bond should have no immediate shareholding dilution effect on the Independent Shareholders. In addition, as the Company would have the right to repay the Convertible Bond at any time prior to the maturity date of the Convertible Bond. Having regard to the above, reasons set out in this paragraph, we regard the possible shareholding dilution effect underlying the Convertible Bond is acceptable.

LETTER FROM G.K. GOH

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we consider that the Convertible Bond Agreement is in the interests of the Company and the Shareholders as a whole and that the terms thereof are in normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Convertible Bond Agreement.

Yours faithfully,

For and on behalf of

G.K. Goh Securities (H.K.) Limited

Alex Lau

Flavia Hung

Executive Vice-President Senior Vice-President

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

DISCLOSURE OF DIRECTORS' INTERESTS

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 Securities and Futures Ordinance ("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 Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:—

(1) Long positions in the shares of the Company

Name of Director	Capacity	Number of ordinary Shares				Total	Approximate percentage of Shares in issue
		Personal interests	Family interests	Corporate interests	Others interests		
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 which arise from unlisted share options (physically settled equity derivatives) granted to the Directors of the Company under the Company's share option scheme, details of which are as follows:—

Name of Director	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	14th Aug, 2002	HK\$0.62	8,538,000 (Notes)	1%

Notes:

1. The above interest constitutes a long position of the Director in a physically settled equity derivative for the purposes of the SFO.
2. As at 1st January, 2004 (being the beginning of the Company's current financial year) and the Latest Practicable Date, the outstanding options held by Ms Winnie Pik Shan To under the Company's Share Option Scheme represented options to subscribe for 8,538,000 shares in the Company. These options were granted on 14th August, 2002 and, subject to the terms of the Company's Share Option Scheme, vest over four years and may be exercised from 14th August, 2003 to 13th August, 2012 at an exercise price of HK\$0.62 per share.

(3) Aggregate long position 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	2.5%

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 Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 and Part XV of the SFO, or, who was expected, directly or indirectly, to be interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group and set out below are also details of the amount of each of such person's interest in such securities:—

Name	Types of interests held	Approximate percentage of shares in issue as at the Latest Practicable Date
MSCV (<i>note a</i>)	1. 626,550,000 shares in the Company;	73.38%
	2. HK\$85,000,000 Convertible Bond exercisable at HK\$1.21 per share. If fully converted, a total of 70,247,933 shares in the Company will be issued	8.23%

Name	Types of interests held	Approximate percentage of shares in issue as at the Latest Practicable Date
Verrall Limited via MSCV (<i>note b</i>)	same as MSCV	Same as MSCV
Mdm Chan Tan Ching Fen (<i>note c</i>)	same as MSCV	Same as MSCV

All of the above interests of MSCV, Verrall Limited and Mdm Chan Tan Ching Fen constitute long positions under the SFO. The abovementioned Convertible Bond represents an interest in physically settled equity derivatives.

Notes:

- (a) MSCV is wholly-owned by Verrall Limited.
- (b) Verrall Limited, is the trustee of a discretionary trust established by Mdm Chan Tan Ching Fen, the mother of Gerald Lokchung Chan. None of the discretionary objects of this trust are Directors nor are they otherwise involved in the management of the Group.
- (c) Mdm Chan Tan Ching Fen is interested in the Shares of the Company in her capacity as founder of the trust (as that term is defined in the SFO) referred to in note (b) above.

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following companies/persons were, directly or indirectly interested in 10 per cent. or more of the equity interests of the members of the Group other than the Company:—

Name of subsidiaries	Name of shareholders	No. and class of shares held/ registered capital	Percentage of shareholding
Best Reward Venture Limited	Leung Yin Ping	750 ordinary shares of US\$1.00 each	25%
Chengdu MPI Public Transport Advertising Co., Ltd.	成都市公共交通集團公司	US\$250,000 registered capital	50%
Chongqing MPI Public Transportation Advertising Co., Ltd.	重慶公交廣告有限公司	US\$200,000 registered capital	40%
Livebrand Networks Limited	CL Communications Limited	245,000 ordinary shares of HK\$1.00 each	49%
Nanjing Media Partners International Public Transport Advertising Co., Ltd.	南京市公共交通廣告公司	RMB8,500,000 registered capital	12.4%

Name of subsidiaries	Name of shareholders	No. and class of shares held/ registered capital	Percentage of shareholding
Shenzhen Media Partners International Advertising Limited	深圳市龍帆廣告有限公司	US\$153,000 registered capital	51%

Save as disclosed herein and as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 and Part XV of the SFO, or, who was expected, directly or indirectly, to be interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

MANAGEMENT SHAREHOLDERS

As at the Latest Practicable Date, so far as the Directors are aware, other than MSCV and Verrall Limited as disclosed above, there is no other person who is directly or indirectly interested in 5% or more of the issued share capital of the Company and who is able, as a practical matter, to direct or influence the management of the Company.

DIRECTORS' INTERESTS IN CONTRACTS

- (a) None of the Directors has an existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).
- (b) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group.

COMPETING INTERESTS

None of the Directors, the management shareholders or the substantial shareholders of the Company, or any of their respective associates, have engaged in any business that competes or may compete with the business of the Group or has any other conflict of interest with the Group.

MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31st December, 2003, the date to which the latest published audited financial statements of the Group were made up.

LITIGATION

No member of the Group 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 by or against any member of the Group.

MATERIAL CONTRACTS

Within the two years preceding the date of this circular and save as referred to below, there were no contracts (other than contracts entered into in the ordinary course of business) entered into by members of the Group which are or may be material.

On 13th October, 2004, the Company and MSCV entered into the Convertible Bond Agreement pursuant to which the Company would, subject to completion of that agreement, issue on 31st December, 2004 a Convertible Bond to MSCV in the principal amount of HK\$85,000,000 in return for the cancellation of the Existing Convertible Bond.

EXPERT

- (a) The following is the qualification of the expert who has given opinion or advice which is contained in the circular:–

Name	Qualifications
G.K. Goh	A deemed licensed corporation to carry out 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

- (b) As at the Latest Practicable Date, G.K. Goh does not have any shareholding in any Shares or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares in any member of the Company.
- (c) As at the Latest Practicable Date, G.K. Goh did not have any direct or indirect interest in any assets which have been since 31st December, 2003, the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group.
- (d) G.K. Goh has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter dated 3rd November, 2004 and the references to its name included herein in the form and context in which they respectively appear.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the correspondence address of the Company in Hong Kong at 22nd Floor, Hang Lung Centre, 2-20 Paterson Street, Causeway Bay, Hong Kong on a weekday other than public holiday up to and including 17th November, 2004:

- (a) memorandum and articles of association of the Company;
- (b) the 2002 and 2003 annual report of the Group for the two financial years ended 31st December, 2002 and 2003 respectively;
- (c) the Convertible Bond Agreement;
- (d) a disclosable transaction circular dated 16th January, 2004 in respect of the exclusive operation of transport related advertising media within Mainland China;
- (e) a major transaction circular dated 16th August, 2004 in respect of the establishment of a sino-foreign co-operative joint venture and long term advertising rights exclusively secured within Nanjing Metro Line 1 (Phase 1) in the People's Republic of China;
- (f) the letter of recommendation from the Independent Board Committee of the Company to the Independent Shareholders as set out in this circular;
- (g) the letter of advice from G.K. Goh as set out in this circular; and
- (h) A letter of consent from G.K. Goh referred to in the section headed "Expert".

GENERAL

- (a) The branch share registrar and transfer office in Hong Kong of the Company is Tengis Limited which is located at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (b) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies.
- (c) 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.
- (d) The Compliance Officer of the Company is Mr. George Ka Ki Chang. Mr. Chang is the vice chairman and an executive Director of the Company. He is a member of the American Institute of Certified Public Accountants, Canadian Institute of Chartered Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

- (e) The Company Secretary of the Company is Mr. Stephen Cheuk Kin Law. Mr. Law is a member of the Institute of Chartered Accountants in England and Wales, an associate member of the Hong Kong Institute of Certified Public Accountants and a Certified Public Accountant (practising) in Hong Kong.
- (f) The Qualified Accountant of the Company is Ms. Florence Yuk Lan Wong. Ms. Wong is a member of the Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants.
- (g) The Company established an audit committee on 7th January, 2002 with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the Board of Directors of the Company. The audit committee comprises three independent non-executive Directors, namely, Mr. Philip Tit Hon Hung, Mr. Meocre Kwok Wing Li and Mr. Paul Laurence Saffo, further details of which are set out below:

Mr. Philip Tit Hon Hung, aged 57. Mr. Hung has been involved in and held senior management positions within the global fast moving consumer goods industry for over 26 years. Mr. Hung was the President, Asia Pacific Group of the Gillette Company until 2001. Within the 26 working years with Gillette, Mr. Hung took up assignments in Singapore, Australia, Japan, Taiwan, China, Hong Kong, Germany and the Headquarters in Boston, U.S.A. Mr. Hung pioneered the development of the China business in the very early 80's, including the setting up of multiple business ventures there. Mr. Hung expanded the Braun International business during his tenure of Executive Director of Braun International and President of Braun North America. Mr. Hung was also responsible for product development and business acquisitions in the Gillette Company. Mr. Hung holds a Bachelor of Business Administration degree from the University of Hawaii and a Master of Arts degree from the School of Advanced International Studies of Johns Hopkins University in Washington DC/Bologna, Italy.

Mr. Meocre Kwok Wing Li, aged 49, is the founder and Chief Executive of Alpha Alliance Finance Holdings Limited. He was previously the founder and Chief Executive of ICEA Finance Holdings Limited, the investment banking subsidiary of The Industrial and Commercial Bank of China. Prior to that, Mr. Li was the Chief Executive of NatWest Markets Corporate Finance Asia Limited, and before joining NatWest, he was the Managing Partner of an international accountancy firm. Mr. Li holds a Bachelor of Commerce degree from the University of Alberta, Canada and completed the Program for Management Development at the Harvard Graduate School of Business. Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants, United Kingdom.

Mr. Paul Laurence Saffo, aged 50, acts as a forecaster and strategist advising a wide range of global clients on the long-term impact of emerging technologies on business and society. Mr. Saffo also serves on various boards and advisory panels including the Stanford Advisory Council on Science, Technology and Society, the Editorial Advisory Board of Business 2.0 and the boards of Groxis Inc. and the Long Now Foundation. Mr. Saffo holds degrees from the Harvard College, Cambridge University and Stanford University.

- (h) The authorised share capital of the Company is HK\$100,000,000.00 divided into 1,000,000,000 Shares of HK\$0.10 each. As at the Latest Practicable Date, the issued share capital of the Company was HK\$85,380,000 divided into 853,800,000 Shares.
- (i) At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the GEM Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:
 - (i) the Chairman of the meeting; or
 - (ii) at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitle to vote at the meeting; or
 - (iii) any Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Members having the right to attend and vote at the meeting; or
 - (iv) any Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Unless a poll is so required under the GEM Listing Rules or duly demanded and, in the latter case, the demand is not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company's book containing the minutes of proceeding of meetings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

For all intents and purposes, the English text of this document shall prevail over the Chinese text.

NOTICE OF EGM



Media Partners International Holdings Inc.

媒體伯樂集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8072)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Media Partners International Holdings Inc. (the “Company”) will be held at 22nd Floor, Hang Lung Centre, 2-20 Paterson Street, Causeway Bay, Hong Kong on 13th December, 2004, at 11:00 a.m. for the purpose of considering and, if considered necessary, passing the following resolutions by poll as ordinary resolutions:–

ORDINARY RESOLUTIONS

1. **“THAT** the conditional Convertible Bond Agreement dated 13th October, 2004 (the “Convertible Bond Agreement”) entered into between the Company and Morningside CyberVentures Holdings Limited in relation to the subscription of a Convertible Bond in the principal amount of HK\$85,000,000 (a copy of which is tabled at the meeting marked “A” and initialed by the chairman of the meeting for identification purposes) and details of which are set out in the circular of the Company dated 3rd November, 2004 and the transactions contemplated under the Convertible Bond Agreement, be and are hereby approved, ratified and confirmed and any director of the Company be and is hereby authorised to take such action, do such things and execute such further documents as such director may, in his opinion, deem necessary or desirable for the purpose of implementing the Convertible Bond Agreement including but not limited to the exercise of any power of the Company to issue any shares of the Company which may fall to be issued upon conversion of the Convertible Bond.”
2. **“THAT** the authorised capital of the Company be increased from One Hundred Million Hong Kong Dollars (HK\$100,000,000) to One Hundred and Fifty Million Hong Kong Dollars (HK\$150,000,000) by the creation of an additional 500,000,000 ordinary shares of HK\$0.10 each, such new shares to rank pari passu in all respects with the existing shares in the capital of the Company.”

By Order of the Board
Stephen Cheuk Kin Law
Company Secretary

Hong Kong, 3rd November, 2004

* *For identification purpose only*

NOTICE OF EGM

Principal place of business in Hong Kong:

Rooms 1506-1510, 15th Floor
Hang Lung Centre
2-20 Paterson Street
Causeway Bay
Hong Kong

Registered office:

Century Yard
Cricket Square
Hutchins Drive
PO Box 2681 GT
George Town, Grand Cayman
Cayman Islands
British West Indies

Notes:

1. A proxy form to be used for the meeting is enclosed.
2. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
4. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch registrar in Hong Kong, Tengis Limited, Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
5. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
6. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.