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)

Final Results Announcement
For the year ended 31 December 2004

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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*

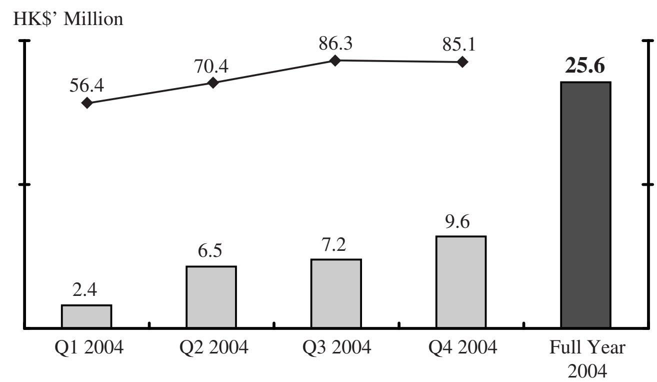
HIGHLIGHTS

The Group achieved quarter by quarter growth in revenue and profits. The Group's net profit was HK$20.2 million for 2004.

Mainland China operations achieved a record high net profit of HK$25.6 million for 2004.

- *Mainland China operations*
  - *Turnover was HK$298.2 million increased by 37% compared with 2003. Turnover from the two metro joint ventures was HK$186.1 million, increased by 40% compared with 2003.*
  - *Net profit reached record high at HK$25.6 million, improved by HK$35.6 million compared with 2003.*
- *Hong Kong operations*
  - *Continue the profitability trend with net profit of HK$4.1 million, improved by HK$10.9 million compared with 2003.*
- *The Group was in a healthy financial position with cash and cash equivalents of HK$208.7 million as at 31 December 2004 with a cash generated from operations of HK$70.5 million.*
- *The Group further enhanced its leading position in metro advertising by securing advertising rights within the Nanjing Metro Line 1 and Shanghai Metro Line 4 in addition to its existing metro media in Beijing, Shanghai, Guangzhou and Hong Kong.*
- *Under CEPA, the Group has successfully converted its operation headquarters in Mainland China from a joint venture to a wholly foreign owned enterprise.*
- *The Group was accredited the Best Corporate Governance Disclosure Awards 2004 (Diamond Award).*

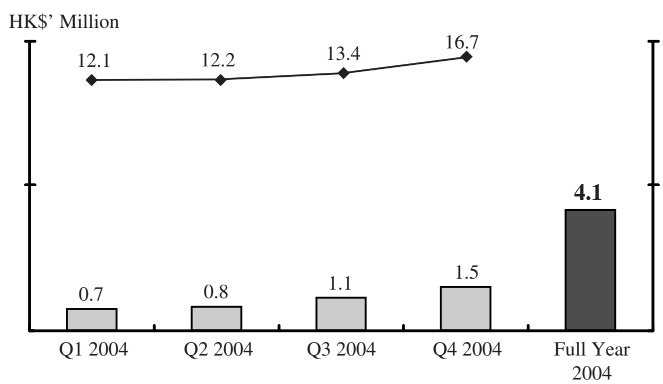
Mainland China



Mainland China

Achieved improvement quarter by quarter
Net profit reached record high at
HK$25.6 million for the full year

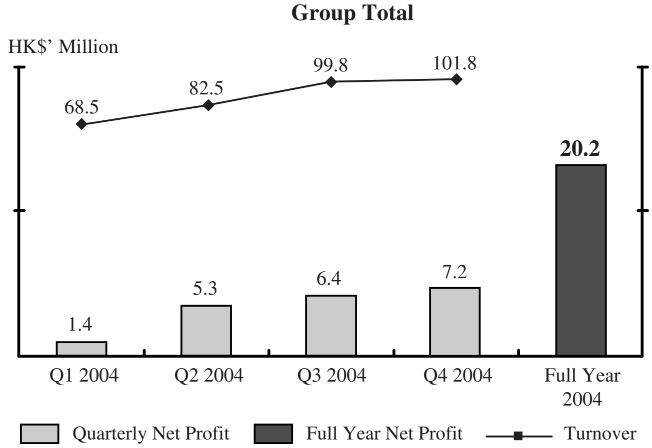
Hong Kong



Hong Kong

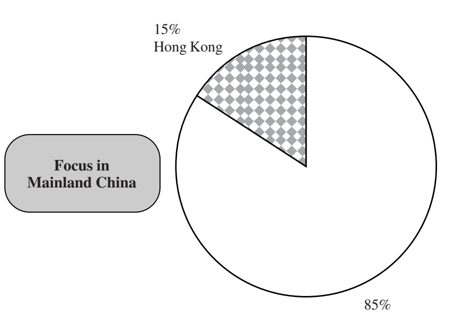
Achieved improvement quarter by quarter
with full year net profit of HK$4.1 million

Group Total

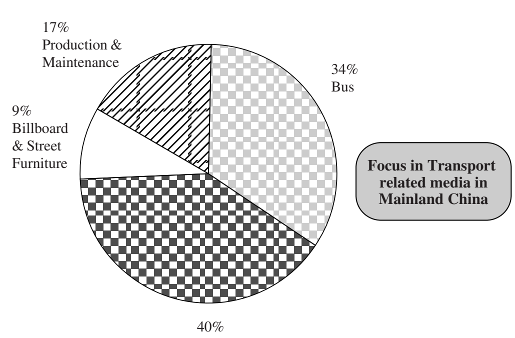


Group Total

Achieved improvement quarter by quarter
Net profit reached HK$20.2 million for the full year



Turnover for 2004



Mainland China Combined Turnover for 2004

* The Group's net profit includes net profit generated from Mainland China and Hong Kong operations and after deduction of the corporate expenses

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is an outdoor advertising media network provider in Mainland China and Hong Kong focusing on transport-related media, in particular, bus advertising and metro advertising. For bus advertising, the Group now dominates the bus media market in Shanghai, Nanjing, Chongqing and Chengdu. For Metro advertising, the Group has a network of metro advertising rights in Shanghai, Guangzhou, Beijing, Nanjing and Hong Kong. Although billboard advertising is not the major focus of the Group, the Group has formed alliances with Shanghai Tulip Advertising Co., Ltd., ("Tulip") and POAD, billboard advertising players in Shanghai and Hong Kong, to enhance its ability to provide comprehensive outdoor advertising media packages to clients.

During 2004, the Group has benefited from the stable economic growth and the growing demand for outdoor advertisements in both Mainland China and Hong Kong and has achieved an improvement in net profit quarter by quarter.

Metro Systems

The Group's metro advertising business has shown continued improvement – both in revenue and earnings – in 2004. The growth is principally attributable to an increase in demand for metro advertisements and an increase in advertising rates which was a consequence of an overall increase in metro passenger flow. During the year under review, the Group has further consolidated its leading position in Shanghai with the addition of exclusive advertising rights on the Xin Min Line, an extension of Shanghai Metro Line 1, which commenced operations in May 2004. The Group has further secured the exclusive advertising rights on the Shanghai Metro Line 4, which should become operational end of 2005.

In July, the Group secured the exclusive advertising rights on the Nanjing Metro Line 1 for 18 years. This metro line has 16 stations linking across Nanjing City and is expected to be operational in September 2005.

During the year, in addition to expanding the advertising media network, the Group also brought in various media formats such as stickers, LEDs, "train wraps", etc to increase the overall advertising income from the metro systems.

Buses

In 2004, the Group successfully secured the exclusive advertising rights to an additional 4,000 bus bodies in Shanghai, bringing the aggregate number of bus bodies in the city on which it has exclusive advertising rights to approximately 5,000. With this media acquisition, the Group has increased its dominance of bus advertising business in Shanghai.

The bus advertising network of the Group commands a dominant share in Shanghai, Nanjing, Chongqing and Chengdu and covers prime routes in Beijing, Guangzhou, Dalian and Wuhan. At the end of 2004, the Group owned advertising rights to over 18,000 bus bodies in Mainland China.

Operational Review

Mainland China

The macro-economic austerity program announced by the Mainland China Government in early 2004 cast a negative shadow on the heavy industry and property sector. However, due to its diversified client portfolio, the Group has managed to maintain continuous growth in both revenue and profit. The Group's client portfolio covers many industries such as food and beverages, telecommunications, properties, consumer electronic appliances, banking, insurance, etc.

Hong Kong

In Hong Kong, the Group has focused its resources on managing large billboards, neons at the prime locations and the Airport Express Line. The Group terminated certain less profitable sites during the year under review. The termination of less profitable sites and an improvement in the Hong Kong market have enabled the Hong Kong operations achieved a profit in 2004.

Corporate Recognition

We are very pleased with the industry recognition that the Group continues to enjoy. Further to last year's Best Corporate Governance Disclosure Award awarded by the Hong Kong Institute of Certified Public Accountants in 2003, the Group's annual report for the year ended 31 December, 2003 was accredited the Best Corporate Governance Disclosure Awards 2004 (Diamond Award – Growth Enterprise Market Category). This award underscores MPI's onging commitment to enhancing corporate transparency. MPI is the only company and first Diamond Award Winner in the GEM Category.

Outlook

The overall economic picture for Mainland China's advertising industry is optimistic. With Chinese consumers' purchasing power continuing to grow and the bolstering effect of the impending 2008 Beijing Olympics, the 2010 Shanghai Expo and the 2010 Asian Games in Guangzhou, Mainland China's outdoor advertising market is expected to grow at a pace faster than before. Although the Beijing Olympics is three years away, foreign and domestic brands have started signing lucrative sponsorship deals with the organisers. This presents the Group with opportunities for further growth.

As a condition of joining the World Trade Organization (WTO), Mainland China has committed to allow foreign ownership of advertising companies in Mainland China starting from the end of 2005. With the relaxation of legal barriers to entry, foreign companies are likely to accelerate their penetration into Mainland China's lucrative advertising market. Leveraging on its solid presence in various cities in Mainland China, the Group is confident of its ability to maintain its market position through service quality and extensive media network coverage.

Financial Review

	For the three months ended				**For the year ended**	
	31 Mar 04	**30 Jun 04**	**30 Sep 04**	**31 Dec 04**	**31 Dec 04**	31 Dec 03
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Mainland China						
Turnover	**56,407**	**70,370**	**86,349**	**85,072**	**298,198**	217,143
Profit/(loss) attributable to shareholders	**2,421**	**6,456**	**7,167**	**9,598**	**25,642**	(9,963)
Hong Kong						
Turnover	**12,095**	**12,179**	**13,441**	**16,724**	**54,439**	60,062
Profit/(loss) attributable to shareholders	**726**	**802**	**1,115**	**1,478**	**4,121**	(6,745)
Corporate						
Turnover	**–**	**–**	**–**	**–**	**–**	–
Profit/(loss) attributable to shareholders	**(1,732)**	**(1,983)**	**(1,913)**	**(3,900)**	**(9,528)**	(5,066)
Total						
Turnover	**68,502**	**82,549**	**99,790**	**101,796**	**352,637**	277,205
Profit/(loss) attributable to shareholders	**1,415**	**5,275**	**6,369**	**7,176**	**20,235**	(21,774)

Summary

The Group's turnover was HK$352.6 million for 2004, representing an increase of 27% compared with 2003. The Group's net profit attributable to shareholders for 2004 was HK$20.2 million, representing an improvement of HK$42.0 million compared with 2003. The net profit generated from the Mainland China operations and the Hong Kong operations was HK$25.6 million and HK$4.1 million respectively while corporate expenses totalled HK$9.5 million for 2004.

Turnover

Benefiting from growing demand for outdoor advertisements and management's efforts to improve sales efficiency, the Group's turnover achieved growth in each quarter of 2004 and reached HK$352.6 million for the year, representing an increase of 27% compared with 2003. The Group's turnover for the fourth quarter was HK$101.8 million, representing an increase of 34% compared with the corresponding quarter in 2003. For 2004, turnover generated from the Mainland China operations and the Hong Kong operations amounted to HK$298.2 million (2003: HK$217.1 million) and HK$54.4 million (2003: HK$60.1 million) respectively.

The Mainland China operations continued to be the focus of the Group and the turnover from the Mainland China operations for 2004 accounted for 85% of the Group's turnover (2003: 78%).

Combined turnover of the Group for 2004, including the turnover of the three jointly controlled entities (Shanghai Metro JV, Guangzhou Metro JV and Shanghai Production JV) and the associate (POAD), amounted to HK$701.3 million representing an increase of 35% compared with 2003. Combined turnover of the Group for the fourth quarter of 2004 was HK$204.7 million, an increase of 41% compared with the corresponding quarter of 2003.

Within the outdoor advertising industry, the Group's focus is on transport-related media, in particular, bus advertising and metro advertising. Advertising income and related production income generated from bus bodies and in metro systems for 2004 together represented 69% of the combined turnover (2003: 66%).

Gross profit and gross margin

Gross profit of the Group, being turnover less site rentals, amortisation of advertising rights and other direct costs, amounted to HK$83.1 million for 2004 which was double that for 2003. Gross profit of the Group for the fourth quarter of 2004 was HK$25.0 million, representing a growth of 5% and 41% respectively compared with the third quarter of 2004 and the fourth quarter of 2003.

The gross margin of the Group for 2004 was 24% (15% for 2003). The gross margin of the Group's Mainland China operation was 26% (2003: 19%). The improvement in gross margin was principally attributable to a greater percentage of revenue being derived from the Group's exclusive owned media from which a higher profit can be earned during the year. The gross margin of the Hong Kong operations was 11% (2003: 1%).

Other revenue

Other revenue included mainly bank interest income, incentives from local governments in Mainland China and consultancy service income. The decrease of HK$1.1 million in other revenue was mainly due to a decrease in incentives from local governments in Mainland China during the year under review.

Operating expenses

Site rentals, being the single largest component of the Group's operating expenses, amounted to HK$117.6 million for 2004, representing an increase of 14% compared with 2003. The increase was mainly due to certain newly secured addition bus bodies advertising concessions in Shanghai. Out of the total site rentals, 34% (2003: 32%) was variable site rental. As a percentage of turnover, site rentals for 2004 represented 33% of turnover (2003: 37%).

Other direct costs are mainly variable costs and comprised media buying, business tax and production costs. Other direct costs amounted to HK$115.1 million for 2004, representing an increase of 18% compared with 2003. The increase is in line with the increase in turnover. As a percentage of turnover, other direct costs for 2004 represented 33% of turnover (2003: 35%).

Staff costs, including directors' fees, of the Group for 2004 amounted to HK$34.1 million, representing an increase of 14% compared with 2003. Such increase was mainly due to an average 7% salary increment and an increase in headcount in the Mainland China operations, and a management bonus for the year.

The total number of employees at 31 December 2004 was 294 (2003: 269). The number of employees in Hong Kong at 31 December 2004 was 19 (2003: 20). The number of employees in Mainland China increased by 26 from 249 at 31 December 2003 to 275 at 31 December 2004. Most of the new employees were recruited to strengthen the sales force and to upgrade the media management system. As a percentage of turnover, staff costs represented 10% (2003: 11%) of turnover. The percentage for the Mainland China operations was 9% for 2004 (2003: 11%) and the percentage for the Hong Kong operations was 8% for 2004 (2003: 10%).

Depreciation and amortisation for 2004 slightly increased to HK$42.1 million (2003: HK$41.0 million).

Other operating expenses of the Group for 2004 amounted to HK$37.7 million, representing an increase of 10% compared with 2003. Higher operating expenses were mainly due to increase in office rent in Shanghai and an increase in marketing expenses.

Finance costs

Finance costs for 2004 amounted to HK$15.7 million which represented an increase of 14% compared with 2003. Higher finance costs was partly due to the increase in bank loans drawn by the Group's operational headquarters in Mainland China ("Shanghai MPI") during 2004 and partly due to the waiver from the majority shareholder of the interest charged on the convertible bond in 2003. In October 2004, the Group successfully converted Shanghai MPI from a joint venture to a wholly foreign owned enterprise ("WFOE") and the registered capital of Shanghai MPI increased from US$1.8 million to US$15.3 million. The Group has repaid some of the bank loans in Shanghai MPI from the increased registered capital. This will help to reduce the Group's finance costs in the coming year.

Profit/(loss) attributable to shareholders

The profit attributable to shareholders for 2004 amounted to HK$20.2 million which represented an improvement of HK$42.0 million compared with 2003. The profit attributable to shareholders for the fourth quarter of 2004 was HK$7.2 million, representing a growth of 13% compared with the third quarter of 2004 and was four-fold that for the corresponding quarter of 2003 respectively. Such improvement was a combined result of the growing demand for outdoor advertisement and the Group's management efforts to strengthen the sale force.

Segment Analysis

Mainland China operations

The turnover from the Mainland China operations for 2004 was HK$298.2 million, representing an increase of 37% compared with 2003. The turnover from the Mainland China operations for the fourth quarter of 2004 amounted to HK$85.1 million, representing a growth of 42% compared with the fourth quarter of 2003.

Combined turnover from the Mainland China operations for 2004, including the turnover of the two metro joint ventures and the production joint venture, amounted to HK$515.6 million, representing an increase of 39% compared with 2003. Combined turnover from the Mainland China operations for the fourth quarter of 2004 was HK$149.4 million, representing an increase of 43% compared with the same quarter of 2003. Of the combined turnover for 2004, advertising on bus bodies and metro systems, in aggregate, accounted for 74% (2003: 74%).

Bus advertising

Turnover from bus advertising for 2004 amounted to HK$177.1 million, representing an increase of 30% compared with 2003. Turnover from bus advertising for the fourth quarter amounted to HK$50.9 million, representing an increase of 25% compared with the corresponding quarter of 2003.

The Mainland China operations achieved an operating profit of HK$27.3 million for 2004, representing an improvement of HK$28.1 million compared with 2003. The operating profit from the Mainland China operations for the fourth quarter of 2004 was HK$7.0 million which represented an increase of 85% compared with the corresponding quarter of 2003.

Metro advertising

Turnover from the two metro joint ventures for 2004 amounted to HK$186.1 million (2003: HK$133.2 million), representing an increase of 40% compared with 2003. Turnover from the two metro joint ventures for the fourth quarter of 2004 amounted to HK$54.3 million which represented an increase of 37% compared with HK$39.5 million for the corresponding quarter of 2003. Various media formats such as stickers, "train wraps" and LEDs were introduced to boost the revenue from metro advertising. The growth in the metro advertising business was through both an improvement in occupancy rates and an increase in prices.

The Group's share of profits from the two metro joint ventures for 2004 amounted to HK$29.3 million, an increase of 44% compared with 2003.

Operating expenses

Compared with 2003, staff costs for the Mainland China operations for 2004 increased by 14% to HK$26.3 million. The increase was partly due to an overall 7% salary increment and partly due to the increase in headcount from 249 at 31 December 2003 to 275 at 31 December 2004. The new employees were recruited to strengthen the sales force and to upgrade the Group's media management system.

Other operating expenses for 2004 amounted to HK$31.6 million, including a provision for bad and doubtful debts of HK$5.8 million. As a percentage of turnover, the provision for bad and doubtful debts was 1.9% (2003: 2.7%). Other operating expenses, excluding the provision for bad and doubtful debts for 2004, increased by 12% or HK$2.7 million compared with 2003. Higher operating expenses were mainly due to increase in office rent in Shanghai and an increase in marketing expenses.

Net profit

The Group's Mainland China operations achieved a net profit of HK$25.6 million for 2004 which represented an improvement of HK$35.6 million compared with a net loss of HK$10.0 million for 2003. The net profit of the Mainland China operations for the fourth quarter of 2004 was HK$9.6 million which represented a growth of 34% compared with the third quarter of 2004 and was four-fold that for the corresponding quarter of 2003 respectively. The net profit of the Mainland China operations managed to achieve growth quarter by quarter in 2004.

Hong Kong operations

Turnover from the Hong Kong operations for 2004 amounted to HK$54.4 million, a decrease of 9% compared with 2003. This was because the Group terminated certain less-profitable media sites.

Staff costs and other operating expenses for 2004 were HK$4.6 million (2003: HK$5.8 million) and HK$1.5 million (2003: HK$2.2 million) respectively. The decrease was a result of continuing tight cost control measures.

The Hong Kong operations, which included the Group's share of results of POAD, achieved a net profit of HK$4.1 million for 2004, representing an improvement of HK$10.9 million compared with a net loss of HK$6.7 million for 2003. The net profit from the Hong Kong operations for the fourth quarter was HK$1.5 million, representing a 33% increase and a 69% increase respectively compared with the third quarter of 2004 and the fourth quarter of 2003.

The Group considers that lower guaranteed payments for advertising sites and a reduction in overheads has helped to maintain its competitive edge in Hong Kong.

Corporate

Corporate expenses for 2004 amounted to HK$9.5 million, representing an increase of HK$4.5 million compared with 2003. The corporate expenses in 2004 was higher mainly because there was a waiver of the interest charged on the convertible bond and a waiver of the directors' fees in 2003, and an increase in professional fees incurred for discloseable transactions and a management bonus in 2004.

Liquidity and Financial Resources

	For the year ended 31 December	
	2004	2003
	HK$'000	*HK$'000*
Cash generated from operations	**70,542**	21,594
Tax paid	**(7,660)**	(5,719)
Net cash generated from operating activities	**62,882**	15,875
Investment in a subsidiary	**596**	597
Dividends received from a jointly controlled entity	**14,116**	11,443
Interest paid net of interest received	**(12,238)**	(10,229)
Dividends paid to minority shareholders	**(269)**	(492)
Acquisition of fixed assets and advertising rights, investment and deposits paid	**(50,749)**	(57,124)
(Decrease)/increase in bank loans	**(36,930)**	25,249
Increase in entrusted loan from a jointly controlled entity	**19,387**	–
Decrease/(increase) in pledged deposits	**71,594**	(5,742)
Net cash generated from/(used in) financing and investing activities	**5,507**	(36,298)
Increase/(decrease) in cash and cash equivalents	**68,389**	(20,423)
Cash and cash equivalents at 1st January	**140,288**	161,409
Effect of foreign exchange rate changes	**–**	(698)
Cash and cash equivalents at 31st December	**208,677**	140,288

The Group continues to be in a healthy and stable financial position. Cash generated from operations for 2004 amounted to HK$70.5 million, being three-fold that for 2003. Free cash flow (i.e. cash from operations net of tax, interest, capital expenditure and investments) for 2004 amounted to HK$14.3 million (2003: negative HK$39.9 million). Cash and bank balances at 31 December 2004 amounted to HK$208.7 million (2003: HK$140.3 million). Pledged deposits with banks for banking facilities made available to the Group at 31 December 2004 amounted to HK$130.6 million (2003: HK$202.2 million). At 31 December 2004, the Group had bank loans of HK$220.5 million (2003: HK$257.4 million) and a Convertible Bond of HK$85.0 million (2003: HK$85.0 million) issued to the majority shareholder. The maturity date of the Convertible Bond is 31 December 2007. At 31 December 2004, the Group's net cash balance, being cash and cash equivalents plus pledged bank deposits less bank loans amounted to HK$118.8 million (31 December 2003: HK$85.1 million).

As at 31 December 2004, the current ratio was 141% with HK$492.3 million of current assets against HK$349.5 million of current liabilities. The consolidated net asset value of the Group as at 31 December 2004 was HK$448.5 million or HK$0.53 per share.

During 2004, the Group paid capital expenditures of HK$6.3 million principally for additional computer systems and equipment in Shanghai, HK$30.7 million for advertising media contracts and HK$13.7 million as a further investment in the outdoor advertising alliance with Tulip.

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 at 31 December 2004 is analysed as follows:

Type of debt	**Debt maturity**	*HK$ Million*	*%*
Short term bank loans	Repayable within 1 year	220.5	72
Convertible Bond	Repayable after 1 year but within 3 years	85.0	28
Total		305.5	100

Out of the total borrowings at 31 December 2004 of HK$305.5 million, HK$170.5 million was denominated in Renminbi and HK$135.0 million was denominated in Hong Kong dollars. Bank loans of HK$220.5 million at 31 December 2004 were secured by cash deposits of HK$128.2 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% to 105% of the lending rate of the People's Bank of China.

Interest was paid on the Convertible Bond, which expired on 31 December 2004, at a rate of 2.5% per annum. A new Convertible Bond was issued to Morningside CyberVentures Holdings Limited ("MSCV"), the controlling shareholder of the Company, on 31 December 2004 with a term of three years to 31 December 2007 at zero coupon rate. The Company shall repay, unless previously converted or repaid, the outstanding principal amount under the new Convertible Bond plus a redemption premium of 3% of the principal amount to MSCV on 31 December 2007.

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 assess the liquidity profile of the Group's assets, liabilities and commitments and to ensure that the Group can meet its future 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 for the past few years. During 2004, the Group generally 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 the subsidiaries and joint ventures operate. The Group does not currently engage in hedging to manage possible exchange rate risk as the Group considers the cost associated with such hedging arrangements would exceed the benefits. However, management will continue to monitor the possible exposure to exchange rate risk 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 2004, the Group had contingent liabilities totalling HK$13.3 million (2003: HK$4.5 million) in respect of bank guarantees given to independent third parties in the ordinary course of business to ensure the due performance and observance of the obligations of a subsidiary and a jointly controlled entity to certain agreements.

At 31 December 2004, guarantees given by the Company to banks to secure banking facilities made available to the subsidiaries amounted to HK$229.3 million. (2003: HK$132.2 million)

Employee Information

At 31 December 2004, the Group had a total of 294 (31 December 2003: 269) employees, of which 275 (31 December 2003: 249) were located in Mainland China and 19 (31 December 2003: 20) in Hong Kong. Total salaries and related costs incurred for 2004 including directors' emoluments, amounted to HK$34.1 million (2003: HK$30.1 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 for the purpose of recognising employees' contribution and encouraging employees' continuous contribution to the Group.

Significant Investments and Acquisitions

In June 2004, the Group made a further capital investment of HK$13.7 million (RMB14.5 million) to strengthen the alliance with Shanghai Tulip Advertising Co., Ltd., in Shanghai, in the development of outdoor advertising media including billboards, neon signs, unipoles and large scale display screens in Shanghai.

In July 2004, the Group entered into an agreement with Nanjing Metro Company to secure exclusive long term advertising rights within Nanjing Metro Line 1 for a term of 18 years for a payment of HK$113.2 million (RMB120 million) plus a variable media site rental cost. The Group will form a joint venture with Nanjing Metro Company to operate advertising concessions within Nanjing Metro Line 1. The registered capital of the joint venture will be HK$56.6 million (RMB60 million). Details of this transaction were disclosed in the Company's announcement dated 23 July 2004.

In September 2004, the Group entered into an agreement with a view to secure the exclusive advertising rights within Shanghai Metro Line 4. Subsequent to the year end, the Group has formed a joint venture with Shanghai Donghu Decoration on 17 January 2005 to operate the advertising concessions within Shanghai Metro Line 4. The registered capital of the joint venture is HK$9.4 million (US$1.2 million). Details of this transaction were disclosed in the Company's announcement dated 2 September 2004.

Post balance sheet events

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

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

The Group obtained the approval for the establishment of Donghu MPI on 13 January 2005. Throughout the joint venture period, the Group is entitled to share 70% of the financial results and net assets of Donghu MPI in accordance with the terms of the joint venture agreement. The joint venture is for a period of 10 years from 17 January 2005 to 16 January 2015.

On 15 January 2005, the Group entered into an agreement with MSCV, the ultimate holding company, for a term loan facility of US$22 million (HK$171.6 million). The facility is unsecured and interest bearing at market rates. The loan facility was secured for the purpose of providing additional general working capital to the Group and is repayable within twelve months from the date of advance.

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2004

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

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

(b) Basis of preparation of the financial statements

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

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 Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

2. Turnover

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

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

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

3. Finance costs

	2004	2003
	$'000	*$'000*
Interest on bank advances and other borrowings repayable within five years	**13,611**	12,626
Interest on Convertible Bond	**2,108**	1,086
Other borrowing costs	**–**	62
	15,719	13,774

4. Income tax

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

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

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

Pursuant to the relevant laws and regulations in the PRC, 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 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.

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

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

5. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

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

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share for the years ended 31 December 2004 and 2003 have been presented, 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 2003	233,715	255,366	(61,518)	–	(63,939)	363,624
Movement for the year	–	–	–	1,064	–	1,064
Loss for the year	–	–	–	–	(21,774)	(21,774)
At 31 December 2003	233,715	255,366	(61,518)	1,064	(85,713)	342,914
At 1 January 2004	233,715	255,366	(61,518)	1,064	(85,713)	342,914
Movement for the year	–	–	–	(57)	–	(57)
Profit for the year	–	–	–	–	20,235	20,235
At 31 December 2004	233,715	255,366	(61,518)	1,007	(65,478)	363,092

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

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

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

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

7. Operating lease commitments

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

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

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

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		Corporate		Consolidated	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003	**2004**	2003
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Turnover	**54,439**	60,062	**298,198**	217,143	**–**	–	**–**	–	**352,637**	277,205
Other revenue	**19**	202	**13,682**	14,740	**–**	–	**473**	338	**14,174**	15,280
Total revenue	**54,458**	60,264	**311,880**	231,883	**–**	–	**473**	338	**366,811**	292,485
Segment result and profit/(loss) from operations	**(694)**	(8,251)	**27,276**	(793)	**–**	–	**(7,420)**	(3,980)	**19,162**	(13,024)
Finance costs	**(162)**	(187)	**(13,449)**	(12,501)	**–**	–	**(2,108)**	(1,086)	**(15,719)**	(13,774)
Share of profits less losses of associates	**6,008**	2,155	**–**	–			**–**	–	**6,008**	2,155
Share of profits less losses of jointly controlled entities	**–**	–	**29,408**	20,080			**–**	–	**29,408**	20,080
Profit/(loss) from ordinary activities before taxation	**5,152**	(6,283)	**43,235**	6,786			**(9,528)**	(5,066)	**38,859**	(4,563)
Income tax	**(1,070)**	(515)	**(14,588)**	(13,909)			**–**	–	**(15,658)**	(14,424)
Profit/(loss) from ordinary activities after taxation	**4,082**	(6,798)	**28,647**	(7,123)			**(9,528)**	(5,066)	**23,201**	(18,987)
Minority interests	**39**	53	**(3,005)**	(2,840)			**–**	–	**(2,966)**	(2,787)
Profit/(loss) attributable to shareholders	**4,121**	(6,745)	**25,642**	(9,963)			**(9,528)**	(5,066)	**20,235**	(21,774)
Depreciation and amortisation	**491**	875	**41,583**	40,112			**–**	–	**42,074**	40,987
Capital expenditure incurred during the year	**42**	506	**21,557**	110,882			**–**	–	**21,599**	111,388

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2004 (31 December 2003: Nil).

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

During the year ended 31 December 2004, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company established an audit committee on 7 January 2002 with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and financial statements, half-yearly reports and quarterly reports and to provide advice and comments to the Board of Directors. The audit committee is also responsible for reviewing the financial reporting process and internal control procedures of the Group. The audit committee has three members comprising three independent non-executive directors, Mr. Philip Tit Hon Hung, Mr. Meocre Kwok Wing Li and Mr. Paul Laurence Saffo.

The audit committee has reviewed with the management the audited consolidated financial statements for the year ended 31 December 2004.

BOARD PRACTICES AND PROCEDURES

During the year ended 31 December 2004, the Company has complied GEM Rules 5.34 to 5.45 concerning the Board practices and procedures, which applied before the amendment of the GEM Listing Rules relating to the Code on Corporate Governance Practices and Rules on Corporate Governance Report become effective on 1 January 2005.

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

Hong Kong, 15 March 2005

As at the date hereof, the executive directors of the Company are Mr. George Ka Ki Chang, Ms. Winnie Pik Shan To and Mr. Tony Cheung Kin Au-Yeung; the non-executive director is Mr. Gerald Lokchung Chan; the independent non-executive directors are Mr. Philip Tit Hon Hung, Mr. Meocre Kwok Wing Li and Mr. Paul Laurence Saffo.