MEDIANATION INC.

MediaNation Inc.

(the "Company")

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8160)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31st MARCH 2005

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This announcement, for which the directors (the "Directors") of MediaNation Inc. (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 (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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.

Financial Highlights

(HK'm)	For the three months ended **31-Mar-05** *1Q05*	**31-Mar-04** *1Q04 (As restated)*	**YoY Fav/ (unfav)** *1Q05 vs 1Q04*	For the three months ended **31-Dec-04** *4Q04 (As restated)*	**Fav/ (unfav)** *1Q05 vs 4Q04*
Turnover	74.1	86.3	(14.1%)	115.4	(35.8%)
Cost of sales	(73.0)	(76.0)	3.9%	(88.5)	17.5%
SG&A	(23.5)	(21.8)	(7.8%)	(28.7)	18.1%
Adjusted EBITDA	4.0	13.6	(70.6%)	21.0	(81.0%)
Net (loss)/ profit	(16.8)	(7.2)		4.8	

Net loss increased to HK$16.8 million for the first quarter 2005 from HK$7.2 million for the same period of last year. After the expiry of the contract with The Kowloon Motor Bus (1933) Limited ("KMB") in October 2004, turnover for the first quarter of 2005 was decreased by 14.1% year-on-year, amounting to HK$74.1 million. Cost of sales, at HK$73.0 million, showed an improvement of 3.9% year-on-year, whereas SG&A expenses were increased by HK$1.7 million, representing an increase of 7.8% year-on-year. The Group recorded an adjusted EBITDA of HK$4.0 million in this quarter, a decrease of 70.6% compared with the same period of last year.

BUSINESS REVIEW AND OUTLOOK

The Group operates two core business lines: bus advertising and metro system advertising. Advertising is carried on approximately 15,000 buses in 15 cities in the PRC, plus the entire underground metro system in Beijing city center and two metro lines in Shanghai, offering nationwide network services to renowned international and domestic brands. There has also been an expansion into the street furniture advertising business in recent years.

	For the three months ended 31st March								
	2005				2004				
	PRC Bus	**Shanghai Metro**	**Beijing Metro***	**Street Furniture**	PRC Bus	HK Bus	Shanghai Metro	Beijing Metro*	Street Furniture
	HK$'m	***HK$'m***	***HK$'m***	***HK$'m***	*HK$'m*	*HK$'m*	*HK$'m*	*HK$'m*	*HK$'m*
Turnover	**48.7**	**21.8**	**30.5**	**3.6**	53.2	17.9	14.7	27.0	0.5
Cost of Sales	**(49.3)**	**(20.3)**	**(4.7)**	**(3.4)**	(45.7)	(14.8)	(14.6)	(4.7)	(0.9)
Gross Profit/ (loss)	**(0.6)**	**1.5**	**25.8**	**0.2**	7.5	3.1	0.1	22.3	(0.4)

**Note:* Beijing Metro is an associated company

China

Bus Advertising

PRC Bus represented 65.7 % of the Group's total turnover in the first quarter of 2005. It recorded HK$48.7 million turnover in the quarter, an 8.5% decrease compared with HK$53.2 million in the same period in 2004. Among the reasons for the decrease in turnover, the local government authorities in Guangzhou held strict regulations in bus advertising; the fuel shortage in Beijing resulted in the stoppage of operation for the LPG buses from 9th January to 16th March 2005. The operations recorded a net loss of HK$16.0 million for the three months ended 31st March 2005 compared with the net loss of HK$3.4 million for the same period in 2004. The average occupancy rate was around 43% in the quarter.

Metro System Advertising

Shanghai Metro recorded strong growth and made up 29.4% of the Group's total turnover in the quarter. With sales of HK$21.8 million, it achieved a growth of 48.3% compared with HK$14.7 million in the same period in 2004. Shanghai Metro made a net loss of HK$1.3 million in the quarter, an improvement of 23.5% compared with the same period in 2004. The average occupancy rate was around 38% in the quarter.

The associated company, Beijing Metro, continued to deliver strong financial performance in the quarter. The turnover was HK$30.5 million, a growth of 13.0 % over the same period in 2004. The Group's "share of net profit (after taxation)" of Beijing Metro was HK$5.3 million, an improvement of 39.5% over the same period in 2004.

Street Furniture

The Shanghai Newspaper Kiosk project received the advertising license approvals from government authorities in December 2003 for about 700 newspaper kiosks installed in the streets of Shanghai. Out of these 700 kiosks, approximately 620 were installed with advertising panels and the remaining ones are in the process of being relocated to better locations or being installed with additional advertising panels. The newspaper kiosks in Shanghai gained nationwide attention as these kiosks started to sell government publications, such as The People Daily, that were previously only available through subscription.

For the First Aid Advertising Display project, approximately 4,800 light boxes have so far been installed across major cities, including Beijing, Shanghai and Guangzhou. The focus is on universities and schools that are not populated by other advertising media. In the past few months, the sales and marketing team has been pushing advertising sales and the result so far has been better than the same period last year.

The above two projects incurred losses of HK$1.5 million for the first quarter of 2005 and they generated a combined turnover of HK$3.6 million. Their turnover and net loss were HK$0.5 million and HK$2.7 million, respectively, for the same period in last year.

Business outlook

The first quarter was now the seventh consecutive quarter with positive EBITDA. This has helped further strengthen the financial position of the Group. When appropriate opportunities are identified, the Group would cautiously consider further expansion of its existing out-of-home media network within and outside the traditional transit media.

Given the improving global economy, the management is seeing stronger demand for advertising media in the PRC, especially for the two metros. The Group anticipates another year of growth in the outdoor advertising market in the PRC in 2005.

FINANCIAL REVIEW

Revenue and Profitability

The Group recorded turnover of HK$74.1 million for the three months ended 31st March 2005 which represented a decrease of 14.1% compared with HK$86.3 million for the corresponding period of last year. Negligible turnover was generated from the Hong Kong operation in 2005 after the contract with KMB expired in October 2004. The turnover generated in the same period last year amounted to HK$17.9 million. Total turnover generated from the PRC business for the three-month period increased from HK$68.4 million last year to HK$74.1 million this year, an increase of 8.3%. The increase of turnover in the PRC was mainly due to the better performance in metro advertising.

Total turnover for the quarter was generated by: (i) bus advertising of HK$48.7 million (65.7% of total turnover); (ii) metro system advertising of HK$21.8 million (29.4% of total turnover); and (iii) other operations of HK$3.6 million (4.9% of total turnover).

Cost of sales for the quarter was HK$73.0 million, a decrease of 3.9% from HK$76.0 million in the same period last year. The decrease was mainly due to the reduction of concession fees resulting from the expiry of the KMB bus advertising agreement in Hong Kong in October 2004.

For the quarter the Group recorded a gross profit of HK$1.1 million, a decline of 89.3% compared with HK$10.3 million for the same period last year.

Selling, general and administrative expenses for the quarter increased by 7.8% from HK$21.8 million in 2004 to HK$23.5 million in 2005.

Finance costs

Finance cost for the quarter was negligible. The Group had no outstanding borrowing as at 31st March 2005.

Share of profits of an associated company

Share of profit of an associated company before, Beijing Metro, taxation increased from HK$5.9 million for the three months ended 31st March 2004 to HK$7.9 million for the same period of this year. The company continued to achieve improved results.

Net Loss Attributable to Shareholders

The Group reported a net loss of HK$16.8 million for the quarter compared with the net loss of HK$7.2 million for the same period in 2004.

Adjusted Earning Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA)

Adjusted EBITDA represents loss from operations excluding (i) depreciation of fixed assets; (ii) amortisation of intangible assets; (iii) interest income and expense; (iv) tax but including the Group's proportional share of EBITDA (with the same definition) from its associated company. The Group uses adjusted EBITDA to measure its performance. The Adjusted EBITDA for the three months ended 31st March 2005 amounted to HK$4.0 million, a decline of 70.6% compared with the same period last year.

FINANCIAL RESULTS

The directors of MediaNation Inc. (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 31st March 2005 together with the unaudited comparative figures for the corresponding period in 2004 as follows:

		For the three months ended 31st March	
	Note	**2005**	2004
		HK$'000	*HK$'000*
		(Unaudited)	*(Unaudited)*
			(As restated)
Turnover	2	**74,113**	86,336
Cost of sales		**(72,993)**	(76,018)
Gross profit		**1,120**	10,318
Other revenues		**157**	84
Selling, general and administrative expenses		**(23,491)**	(21,814)
Loss from operations		**(22,214)**	(11,412)
Finance costs		**—**	(10)

	Note	For the three months ended 31st March **2005** *HK$'000* ***(Unaudited)***	2004 *HK$'000* *(Unaudited)* *(As restated)*
		(22,214)	(11,422)
Share of profit of an associated company		**7,889**	5,942
Loss before taxation		**(14,325)**	(5,480)
Income tax expenses			
- Group		**—**	—
- Associated company		**(2,603)**	(2,163)
	3	**(2,603)**	(2,163)
Loss after taxation but before minority interests		**(16,928)**	(7,643)
Minority interests		**140**	406
Net loss attributable to shareholders		**(16,788)**	(7,237)
Loss per share (HK cents)			
-Basic	4	**0.93**	0.40
-Diluted	4	**0.93**	N/A

NOTES:

1. **Basis of presentation**

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Chapter 18 of the GEM Listing Rules. They have been prepared under the historical cost convention.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("New HKFRSs") which are effective for accounting periods beginning on or after 1st January 2005. The Group has adopted the New HKFRSs in the preparation of accounts for the period from 1st January 2005 onward, and the applicable HKFRSs are set out below:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events After the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investments in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKAS Int 15	Operating Leases — Incentives
HKFRS-Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities

Except for the adoption of HKFRS 2 and HKFRS 3, the adoption of New HKFRSs did not result in substantial changes to the Group's accounting policies.

Under HKFRS 2 "Share-based payment", the Group is required to determine the fair value of all share-based payments to employees as remuneration and recognise an expense in the profit and loss account. This treatment results in a reduction in profit as such items have not been recognised as expenses under the previous accounting policy. Under the specific transitional provisions of HKFRS 2, this treatment applies to equity-settled share-based payment transactions where shares, share options or other equity instruments were granted after 7th November 2002 and had not yet vested on 1st January 2005 and to liabilities arising from share-based payment transactions existing on 1st January 2005.

Under HKFRS 3 "Business Combinations", goodwill is no longer amortised but instead will be subject to rigorous annual impairment testing. This has resulted in a change to the Group's accounting policy under which goodwill is amortised over the shorter of 20 years or the tenure of the investments and assessed for an indication of impairment at each balance sheet date. Under the new policy, amortisation is no longer charged, but goodwill is tested annually for impairment, as well as when there are indications of impairment. According to HKFRS 3, this new HKFRS is applied prospectively.

Based on the Group's latest assessment, had the new HKFRSs (except for those new standards for which retrospective application was not required) been adopted from 1st January 2004 onwards, there will be no material impact to the Group's shareholders' equity as at 31st December 2004 and the Group's net profit attributable to shareholders for the year then ended would decrease by approximately HK$574,000. The Group's net profit attributable to shareholders for the three months ended 31st March 2004 would decrease by HK$143,000.

Certain comparative figures have been reclassified to conform with the current period's presentation.

The financial statements are unaudited, but have been reviewed by the audit committee of the Company.

2. Turnover, revenues and segment information

The Group is principally engaged in the provision of outdoor advertising media services in the People's Republic of China (the "PRC"). Turnover and revenues comprised:

	For the three months ended 31st March	
	2005	2004
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Media rental	**62,244**	66,434
Production income	**8,919**	15,902
Agency commission income	**2,950**	4,000
Total turnover	**74,113**	86,336
Interest income from bank deposits	**157**	84
Total revenues	**74,270**	86,420

An analysis of the Group's turnover and revenues by business segments and geographical locations for the three months ended 31st March 2005 and 2004 is as follows:

	For the three months ended 31st March					
		2005			2004	
	Hong Kong	**The PRC**	**Total**	Hong Kong	The PRC	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	***(Unaudited)***	***(Unaudited)***	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
TURNOVER						
Metro system advertising	**—**	**21,763**	**21,763**	—	14,735	14,735
Bus advertising	**—**	**48,700**	**48,700**	17,937	53,213	71,150
Other operations including street furniture	**—**	**3,650**	**3,650**	—	451	451
Total turnover	**—**	**74,113**	**74,113**	17,937	68,399	86,336
Interest income from bank deposits	**46**	**111**	**157**	28	56	84
	46	**74,224**	**74,270**	17,965	68,455	86,420

3. **Income tax expense**

Hong Kong profits tax at rate of 17.5% (2004:17.5%) has not been provided as the Group's operations in Hong Kong have no estimated assessable profits for the period (2004: Nil).

The joint ventures established in the PRC in which the Group has invested are generally subject to enterprise income tax ("EIT") on their taxable income at a combined national and local tax rate of 33% (2004: 33%). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates.

The amount of taxation charge to the consolidated profit and loss account represents:

	For the three months ended 31st March	
	2005	2004
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Share of taxation attributable to an associated company	**2,603**	2,163

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the taxation rate of the country, where the Company operates as follows:

	For the three months ended 31st March	
	2005	2004
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
		(As restated)
Loss before taxation	**(14,325)**	(5,480)
Calculated at a taxation rate of 17.5% (2004: 17.5%)	**(2,507)**	(959)
Effect of different taxation rates in other countries	**(2,364)**	(361)
Income not subject to taxation	**(3,325)**	(6)
Expenses not deductible for taxation purposes	**4,985**	881
Tax losses not recognized	**5,814**	2,608
Taxation charge	**2,603**	2,163

4. **Loss per share**

(a) *Basic loss per share*

The calculation of basic loss per share for the three months ended 31st March 2005 is based on the Group's net loss attributable to shareholders of approximately HK$16,788,000 (three months ended 31st March 2004: approximately HK$7,237,000), divided by the weighted average number of 1,803,488,985 ordinary shares outstanding during the period (three months ended 31st March 2004: 1,803,488,985 ordinary shares).

(b) *Diluted loss per share*

Diluted loss per share for the three months ended 31st March 2005 is based on 1,803,488,985 ordinary shares which was the number of ordinary shares outstanding during the period plus the weighted average number of 857,699 ordinary shares deemed to be issued at average fair value if all outstanding options had been exercised during the period. No diluted loss per shares for the three months ended 31st March 2004 is presented because the effect of the assumed conversion of all potential dilutive ordinary shares is anti-dilutive.

5. **Reserves**

Movements in reserves of the Group for the three months ended 31st March 2005 and 2004 were as follows:

	Share premium *HK$'000*	Addition paid-in capital *HK$'000*	Deferred compensation expenses *HK$'000*	Translation reserve *HK$'000*	Capital reserve *HK$'000*	Accumulated losses *HK$'000* *(Note (i))*	Capital redemption reserve *HK$'000*	Total *HK$'000*
As at 1st January 2004 (Audited)	631,807	—	—	2,069	883	(377,151)	390	257,998
Effect of adopting HKFRS 2: share-based payment	—	754	(623)	—	—	(131)	—	—
As restated	631,807	754	(623)	2,069	883	(377,282)	390	257,998
Granting of share options	—	728	(728)	—	—	—	—	—
Amortisation of deferred compensation expense	—	—	143	—	—	—	—	143
Loss for the period as restated	—	—	—	—	—	(7,237)	—	(7,237)
As at 31st March 2004 (Unaudited)	631,807	1,482	(1,208)	2,069	883	(384,519)	390	250,904
As at 1st January 2005 (Audited)	631,807	—	—	2,060	883	(374,625)	390	260,515
Effect of adopting HKFRS 2: share-based payment	—	1,482	(777)	—	—	(705)	—	—
As restated	631,807	1,482	(777)	2,060	883	(375,330)	390	260,515
Amortisation of deferred compensation expense	—	—	138	—	—	—	—	138
Loss for the period	—	—	—	—	—	(16,788)	—	(16,788)
Exchange difference arising form the translation of accounts of foreign subsidiaries	—	—	—	(43)	—	—	—	(43)
As at 31st March 2005 (Unaudited)	631,807	1,482	(639)	2,017	883	(392,118)	390	243,822

(i) Capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to a group reorganisation in February 1995, and the nominal value of the Company's shares issued in exchange therefore.

(ii) In accordance with the relevant PRC regulations, subsidiaries of the Company established in the PRC are required to transfer a certain percentage of their profit after taxation, if any, to certain statutory reserves which comprise the statutory reserve and the enterprise expansion fund. The percentage of the transfer is determined by statute or the board of directors of the subsidiaries. During the three months ended 31st March 2005 and 2004, no transfer was made by the subsidiaries to these statutory reserves.

Subsequent event

The two substantial shareholders of the Company, namely SMI Investors (PAPE II) Limited and Warburg Pincus Ventures, L.P., had entered into a conditional sale and purchase agreement with JCDecaux Pearl & Dean Ltd (the "Offeror") on 23rd March 2005 for selling a total of 1,436,856,166 shares, representing approximately 79.67 per cent of the total existing issued share capital of the Company at an aggregate consideration of HK$405,193,438.82 or HK$0.282 per share. On 24th March 2005, the Company, together with the Offeror issued a joint announcement in relation to the possible mandatory cash offer (the "Offer") by CLSA Limited on behalf of the Offeror to acquire all the issued shares in the Company other than those already owned or agreed to be acquired by the Offeror. The completion of the sale and purchase agreement took place on 26th April 2005. Following completion, the Offeror nominated 6 persons, namely Mr. Kam Wai Sum, Brian, Mr. Wong Hon Chiu, Stephen, Mr. Jean-Charles Decaux, Ms. Isabelle Claude Michele Vitry Schlumberger, Mr. Jean-Michel Jacques Geffroy and Mr. David Bourg as directors of the Company. These appointments took effect on 29th April 2005. Mr. Chu Chung Hong, Francis, Mr. Sun Qiang, Chang, Mr. Cheung Leung Hong, Cliff, Ms. Ho Ming Yee and Mr. Cheng Cheung Lun, Julian will resign as directors of the Company with effect from the earliest time permitted under the Code on Takeover and Mergers or by the Securities and Future Commission. On 29th April 2005, copies of the Composite Document setting out details of the Offer and cancellation of the outstanding share options together with forms of acceptance were dispatched to shareholders and optionholders of the Company.

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the three months ended 31st March 2005 (2004: nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31st March 2005, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (as defined in Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors pursuant to Rule 5.46 of the GEM Listing Rules (other than options which have been granted under any Pre-IPO share options plans and Post-IPO share option scheme of the Company to certain Directors, details of such options are set out in the paragraphs headed "Pre-IPO Share Options Plans" and "Post-IPO Share Option Scheme" below), were as follows:

	Number of issued ordinary shares of HK$0.10 each in the Company held and nature of interests						
Name of Director/ chief executive	**Personal interests**	**Family Interests**	**Corporate interests**	**Other interests**	**Capacity**	**Total**	**Approximate percentage of the total number of shares in issue**
Mr. Kam Wai Sum, Brian*	—	23,252,118	—	—	Indirect holding through family interests	23,252,118	1.29%
Mr. Chu Chung Hong, Francis	8,138,000	—	—	—	Beneficial Owner	8,138,000	0.45%
Mr. Barry John Buttifant	5,000,000	—	—	—	Beneficial Owner	5,000,000	0.28%
Mr. Schöter, Johannes	10,152,000	—	—	—	Beneficial Owner	10,152,000	0.56%
	23,290,000	23,252,118	—	—		46,542,118	

* Mr. Kam Wai Sum, Brian was appointed as the Director of the Company on 29th April 2005.

Other than as disclosed above and in the paragraphs headed "Pre-IPO Share Options Plans" and "Post-IPO Share Option Scheme" below, as at 31st March 2005, none of the Directors, chief executive or their associates had any personal, family, corporate or other interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations and none of the Directors, chief executive or any of their respective spouses or children under the age of 18 were granted any right, and the Company had not made any arrangement enabling any of them to subscribe for any shares or debentures of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES IN THE COMPANY

Pre-IPO Share Options Plans

Prior to the listing of the Company's shares on GEM, the board was authorized, at its absolute discretion, to grant options (the "Pre-IPO Share Options") to certain directors and employees of the Group to subscribe for ordinary shares in the Company under the terms of several share options plans (the "Pre-IPO Share Options Plans").

Under the terms of the Pre-IPO Share Options Plans, details of the Pre-IPO Share Options granted to and held by the Directors as at 31st March 2005 were as follows:

Name of Director	Date of offer	Exercisable period	Exercise price US$(3)	Outstanding as at 1st January 2005(3)	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 31st March 2005(3)
Mr. Kam Wai Sum, Brian* (Indirect interest through the holding of these share options by his wife, Ms. Chan Man Ki, Summerine, a former director of the Company)	1st July 1997	1st July 1998 to 30th June 2007(1)	0.038095	2,712,500	—	—	—	2,712,500
	1st April 2000	1st April 2001 to 31st March 2010(1)	0.038095	2,275,000	—	—	—	2,275,000
	1st April 2000	1st April 2001 to 31st March 2010(1)	0.171429	2,835,000	—	—	—	2,835,000
	1st September 2000	1st September 2001 to 31st August 2010(1)	0.038095	1,715,000	—	—	—	1,715,000
	5th May 2001	5th May 2002 to 4th May 2011(1)	0.171429	2,450,000	—	—	—	2,450,000
	9th June 2001	9th June 2001 to 8th June 2011(2)	0.206841	19,036,535	—	—	—	19,036,535

* Mr. Kam Wai Sum, Brian was appointed as the Director of the Company on 29th April 2005.

(1) Each of these Pre-IPO Share Options shall vest in respect of one-third of the total number of shares to which it relates upon each anniversary of the respective date upon which the offer of the option is accepted until fully vested and expiring on the tenth anniversary from the date of offer.

(2) These Pre-IPO Share Options were fully vested upon its grant and may be exercised at any time during the period commencing on the respective date upon which the offer of the option is accepted and expiring on the tenth anniversary from the date of offer.

(3) Adjustments on the relevant Pre-IPO Share Options Plans are to be made in accordance with the terms of the Pre-IPO Share Options Plans as a result of the Open Offer stated in the Company's prospectus dated 10th July 2003.

During the period ended 31st March 2005, no options under the Pre-IPO Share Options Plans had been lapsed, granted nor exercised during the period.

Save as disclosed above, during the period ended 31st March 2005, no Pre-IPO Share Options were granted or agreed to be granted by the Company and no further options will be offered or granted by the Company under any of the Pre-IPO Share Options Plans to any Directors of the Company. There were no Pre-IPO Share Options held by any Directors of the Company as at 31st March 2005.

Post-IPO Share Option Scheme

On 8th January 2002, the Company conditionally adopted a further share option scheme (the "Share Option Scheme") for a period of ten years from the date on which the Share Option Scheme was adopted. The Share Option Scheme became unconditional upon the listing of the Company's shares on GEM on 24th January 2002.

The principal purpose of the Share Option Scheme is to recognise the significant contributions of the full-time employees, executive directors, non-executive directors (including independent non-executive directors), any consultants or advisors of or to any member of the Group to the growth of the Group by rewarding them with opportunities to obtain ownership interests in the Company and to further motivate and give incentives to these persons to continue to contribute to the Group's long term success.

The Share Option Scheme shall vest in respect of one-third of the total number of shares to which it relates upon each anniversary of the respective date upon which the offer of the option is accepted until fully vested and expiring on not less than third year anniversary but not later than the tenth anniversary from the date of offer. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

Under the terms of the Share Option Scheme, details of the options granted to and held by the Directors as at 31st March 2005 were as follows:

Name of Director	**Date of offer***	**Exercisable period**	**Exercise price HK$**	**Outstanding as at 1st January 2005**	**Granted during the period**	**Exercised during the period**	**Cancelled/ Lapsed during the period**	**Outstanding as at 31st March 2005**
Mr. Chu Chung Hong, Francis	13th August 2003	13th August 2004 to 12th August 2013	0.119	3,000,000	—	—	—	3,000,000
	25th May 2004	25th May 2005 to 24th May 2014	0.115	4,000,000	—	—	—	4,000,000
Mr. Barry John Buttifant	25th May 2004	25th May 2005 to 24th May 2014	0.115	1,000,000	—	—	—	1,000,000
Mr. Johannes Schöter	25th May 2004	25th May 2005 to 24th May 2014	0.115	1,000,000	—	—	—	1,000,000

* The options shall vest in respect of one third of the total number of share upon each anniversary of the date of offer until fully vested.

During the three months ended 31st March 2005, a total number of 1,140,000 options under the Share Option Scheme had lapsed. No options were granted nor exercised during the period.

Adjustments on the relevant Post-IPO Share Option are to be made in accordance with the terms of the Share Option Scheme as a result of the Open Offer stated in the Company's prospectus dated 10th July 2003.

Save as disclosed above, at no time during the three months ended 31st March 2005 was the Company or its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares, or debt security of the Company or any other body corporate and none of the Directors, their spouses or their children under the age of 18, had any right to subscribe for any shares or debentures of the Company, or had exercised any such right during the three months ended 31st March 2005.

The fair value of options granted after 7th November 2002 and had not yet vested at 1st January 2005 determined using the Black-Scholes valuations model was HK$0.0754 for the Post-IPO Share Option Scheme at exercise price of HK$0.119 and HK$0.0728 for Post-IPO Share Option Scheme at exercise price of HK$0.115. The significant inputs into the model were share price of HK$0.119 and HK$0.115, at the grant date, exercise price shown below, option life disclosed above, and annual risk-free interest rate of 3%. The volatility measured at the standard deviation of expected share price return is based on statistical analysis of daily shares prices and taking into consideration the volume of the transactions.

A summary of the movement of share options granted to employees (including directors) under Plan 1, Plan 2, Plan 3 and Share Option Scheme during the period is as follows:

	Pre-IPO Share Options Plans at exercise price Of			Post-IPO Share Option Scheme at exercise price Of		
	US$0.038095[(1)]	US$0.171429[(1)]	US$0.206841[(1)]	HK$0.89[(1)]	HK$0.119	HK$0.115
At 1st January 2005	7,215,880[(1)]	8,785,000[(1)]	28,554,750[(1)]	2,890,000[(1)]	15,000,000	10,000,000
Lapsed during the period*	—	—	—	(140,000)[(1)]	(1,000,000)	—
At 31st March 2005	7,215,880[(1)]	8,785,000[(1)]	28,554,750[(1)]	2,750,000[(1)]	14,000,000	10,000,000

* During the period, four employees holding 1,140,000 unvested share options under Post-IPO Share Option Scheme had retired and hence, these options had lapsed.

Note 1 Pending adjustments on the relevant Share Options are to be made in accordance with the terms of the Pre-IPO Share Options Plans and Share Option Scheme as a result of the Open Offer stated in the Company's prospectus dated 10th July 2003.

REQUIRED STANDARD OF SECURITIES DEALINGS BY DIRECTORS

The Company had adopted a code of conduct for directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all the directors, the directors of the Company had complied with the required standard of dealings and the code of conduct for directors' securities transactions during the period ended 31st March 2005.

SUBSTANTIAL SHAREHOLDERS HAVING INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to any Director or chief executive of the Company, as at 31st March 2005, the following substantial shareholders of the Company (within the meaning of the GEM Listing Rules) had interests or short positions in the shares or underlying shares of the Company as recorded in the register to be kept under section 336 of the SFO (other than those interests of Directors disclosed above):

Name of shareholder	Number of shares of HK$0.10 each in the Company held	Capacity	Approximate percentage of the total number of shares in issue
SMI Investors (PAPE II) Limited ("PAMA")	718,428,083	Beneficial Owner	39.8%
Warburg Pincus Ventures, L.P., ("Warburg Pincus")	718,428,083	Beneficial Owner	39.8%

Save as disclosed above, and as far as the Directors are aware, as at 31st March 2005, no other substantial shareholders had any interest or short position in the shares or underlying shares of the Company which are recorded in the register of the Company to be kept under section 336 of the SFO. All the shares held by PAMA and Warburg Pincus in the Company have been transferred to the Offeror on 26th April 2005.

So far as is known to any Director or chief executive of the Company, on 26th April 2005, the following substantial shareholders of the Company (within the meaning of the GEM Listing Rules) had interests or short positions in the shares or underlying shares of the Company as recorded in the register to be kept under section 336 of the SFO (other than those interests of Directors disclosed above):

Name of shareholder	Number of shares of HK$0.10 each in the Company held	Capacity	Approximate percentage of the total number of shares in issue
JCDecaux Pearl & Dean Ltd*	1,436,856,166	Beneficial Owner, direct holding	79.67%
JCDecaux Asia (S) Pte. Ltd*	1,436,856,166	Beneficial Owner, indirect holding	79.67%
JCDecaux SA*	1,436,856,166	Beneficial Owner, indirect holding	79.67%
JCDecaux Holding*	1,436,856,166	Beneficial Owner, indirect holding	79.67%
Mr. Jean-Claude Decaux*	1,436,856,166	Beneficial Owner, indirect holding	79.67%

* Mr. Jean-Claude Decaux holds 84% equity interest in JCDecaux Holding
JCDecaux Holding holds 70.29% equity interest in JCDecaux SA
JCDecaux SA holds 100% equity interest in JCDecaux Asia (S) Pte. Ltd
JCDecaux Asia (S) Pte. Ltd holds 100% equity interest in JCDecaux Pearl & Dean Ltd

OTHER PERSONS HAVING INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to any Director or chief executive of the Company, as at 31st March 2005, no other persons (other than those interests of Directors and substantial shareholders disclosed above and interests of persons as recorded in the register to be kept under section 336 of the SFO pursuant to Division 5 of Part XV of the SFO) had any interest or short position in the shares or underlying shares of the Company which are recorded in the register of the Company to be kept under section 336 of the SFO.

DIRECTORS' AND MANAGEMENT SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

As the management shareholder of the Company upon the completion of the sale and purchase agreement took place on 26th April 2005, the Offeror has business operations in the outdoor advertising markets in Hong Kong which may compete with the business of the Group. The Offeror's group companies also have business operation in the outdoor advertising markets in PRC that may compete with the business of the Group.

Mr. Jean-Michel Jacques Geffroy, a non-executive director of the Company and Mr. Wong Hon Chiu, Stephen, an executive director of the Company, are directors of the Offeror. Mr. Kam Wai Sum, Brian, an executive director of the Company, and Mr. Jean-Charles Decaux, Ms. Isabelle Claude Michele Vitry Schlumberger and Mr. David Bourg, the three non-executive directors of the Company are officers and/or employees of the group companies of the Offeror and/or its parent company. The group companies of the Offeror have business operations in the outdoor advertising markets in Hong Kong and the PRC that may compete with the business of the Group.

PAMA Group Inc. ("PAMA Group") is the general partner in PAMA I and PAMA II, which are two private equity funds managed by PAMA Group. PAMA II owns PAMA. PAMA I has investments in various businesses including Texon International Limited ("Texon"). Texon is a competitor of the Group in the Hong Kong bus shelter market. PAMA I has two nominees appointed to the board of Texon, one of whom is Mr. Andersen, Dee Allen who was formerly a non-executive director of the Company. On 2nd September 2002, Mr. Andersen, Dee Allen resigned as a non-executive director and a member of the audit committee of the Company. PAMA Group is a wholly owned subsidiary of PAMA Investment Holdings Limited ("PIHL"). Mr. Cheung Leung Hong, Cliff, a non-executive director of the Company, is a shareholder of PIHL and has an indirect interest of less than 0.5% in the share capital of Texon.

Save as disclosed above, as at 31st March 2005, none of the Directors or the management shareholders of the Company or their respective associates had any interest in any business that directly or indirectly competes with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") on 10th September 2001 and formulated its written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Committee comprised a non-executive Director, Ms. Ho Ming Yee and two independent non-executive Directors, namely Mr. Johannes Schöter (the Chairman of the Committee) and Mr. Barry John Buttifant.

The audit committee has reviewed the draft of this announcement and has provided advice and comments thereon.

BOARD PRACTICES AND PROCEDURES

In the opinion of the Directors, throughout the three months ended 31st March 2005, the Company has complied with the "Board Practices and Procedures" as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

Each of the independent non-executive directors has confirmed his independence to the Company pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("the GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company considers the independent non-executive directors to be independent.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 31st March 2005, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed security.

By Order of the Board
Kam Wai Sum, Brian
Chairman

Hong Kong, 9th May 2005

As at the date of this announcement, the Board comprises:

Executive Directors
Mr. Chu Chung Hong, Francis
Mr. Kam Wai Sum, Brian
Mr. Wong Hon Chiu, Stephen

Non-Executive Directors
Mr. Sun Qiang, Chang
Mr. Cheung Leung Hong, Cliff
Ms. Ho Ming Yee
Mr. Cheng Cheung Lun, Julian
Mr. Jean-Charles Decaux
Ms. Isabelle Claude Michele Vitry Schlumberger
Mr. Jean-Michel Jacques Geffroy
Mr. David Bourg

Independent Non-Executive Directors
Mr. Schöter, Johannes
Mr. Barry John Buttifant
Mr. Duck Young Song

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