明報

# MING PAO ENTERPRISE CORPORATION LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 685)**

## DISCLOSEABLE TRANSACTION AND MATERIAL DILUTION OF INTEREST IN A MAJOR SUBSIDIARY IN RELATION TO THE SPIN-OFF OF ONE MEDIA GROUP LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND PROPOSED SHARE OPTION SCHEMES

**FINANCIAL ADVISER TO MING PAO ENTERPRISE CORPORATION LIMITED**

GK
GOH

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

### The Spin-off

Reference is made to the announcement of the Company dated 11 May 2005 in relation to the Spin-off. On 26 August 2005, OMG submitted a formal application (Form C1) to the Stock Exchange for the listing of, and permission to deal in, the OMG Shares in issue and any new OMG Shares to be issued pursuant to the Spin-off (as set out in the Prospectus to be issued by OMG in due course) including any OMG Shares that may be issued pursuant to the exercise of the Over-allotment Option and the exercise of the options to be granted under the Share Option Schemes. The Spin-off will constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and a material dilution of the Company's interest in the OMG Group.

### Conditions of the Share Offer and the Spin-off

The Share Offer and the Spin-off will be conditional upon, among other things, the following:

(i) the Shareholders passing an ordinary resolution at the SGM to approve the Spin-off;

(ii) the Listing Committee granting approval for the listing of, and permission to deal in, all the OMG Shares in issue and to be issued pursuant to the Share Offer (including the OMG Shares to be issued upon the exercise of the Over-allotment Option) and any OMG Shares which may be issued pursuant to the exercise of the options granted under the Share Option Schemes;

(iii) the Offer Price having been agreed between OMG and the Sole Bookrunner (on behalf of the Underwriters) and the due execution and delivery of the Underwriting Agreement; and

(iv) the obligations of the Underwriters under the Underwriting Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Bookrunner, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the Underwriting Agreement, on or before the dates and times to be specified therein.

If the above conditions and other applicable conditions are not fulfilled or waived prior to the dates and times to be specified, the Spin-off will not proceed and the Stock Exchange will be notified immediately and an announcement will be published by the Company as soon as practicable thereafter.

## Preferential Offering

In connection with the Spin-off, it is proposed that, subject to the Stock Exchange granting the listing of, and permission to deal in, the OMG Shares on the Stock Exchange, 7,000,000 Reserved Shares will be available for subscription by Qualifying Shareholders at the Offer Price under the Preferential Offering. On this basis, Qualifying Shareholders will be invited to participate in the Spin-off by applying for the Reserved Shares and will be entitled to subscribe on an assured basis at the Offer Price for one Reserved Share for every whole multiple of 20 existing Shares held by them on the Record Date. However, the final Assured Entitlement is not yet known as it will depend on the number of Shares held by Qualifying Shareholders on the Record Date. Shareholders should note that Assured Entitlements to Reserved Shares may not represent a multiple of a full board lot of 2,000 OMG Shares, and that dealings in odd lots of the OMG Shares may be at a price below their prevailing market price. Entitlements to the Reserved Shares will not be transferable and there will be no trading in nil paid entitlements on the Stock Exchange.

It is proposed that the number of OMG Shares available under the Preferential Offering will represent approximately 7% of the Share Offer and approximately 1.75% of the enlarged issued share capital of OMG upon completion of the Share Offer (assuming the Over-allotment Option is not exercised).

## Closure of Register

The register of members of the Company will be closed from 9:00 a.m. to 4:30 p.m. on 26 September 2005 (or such later date(s) as the Board may determine and announce) for the purpose of determining the entitlement of Qualifying Shareholders to the Preferential Offering. No transfer of Shares may be registered during that period. The last day for dealing in the Shares cum-entitlements to the Preferential Offering is expected to be on 21 September 2005. In order to qualify for the Preferential Offering, all transfers must be lodged with the Registrar by no later than 4:30 p.m. on 23 September 2005 (or such later date as the Board may determine and announce).

## Share Option Schemes

It is proposed that OMG will adopt two share option schemes, namely, the Pre-IPO Scheme and the Post-IPO Scheme. The adoption of each Share Option Scheme is conditional on: (i) the Shareholders passing an ordinary resolution at the SGM to approve the relevant Share Option Scheme and the shareholders of OMG passing an ordinary resolution to approve and adopt the relevant Share Option Scheme; (ii) the Listing Committee granting approval of the listing of, and permission to deal in, any OMG Shares which may fall to be issued pursuant to the exercise of any option granted under the relevant Share Option Scheme; and (iii) the commencement of dealings in the OMG Shares on the Stock Exchange.

### The Supplemental Licensing Agreements

Conditional upon the commencement of dealings in the OMG Shares on the Stock Exchange, the expiry date of the Licensing Agreements will be extended from 31 March 2007 to 31 March 2025 pursuant to the Supplemental Licensing Agreements. The term of the Licensing Agreements will automatically be extended for periods of three years upon expiry if the relevant licensee remains OMG's wholly-owned subsidiary at that time and (i) the Company continues to remain as the controlling shareholder of OMG at that time; or (ii) the revenue contribution of the HK Magazines to the OMG Group remains in excess of 50% of the OMG Group's total revenue based on its latest audited financial results. Save for such extension of duration, all the other terms of the Licensing Agreements will remain unchanged.

### General

BCOM has been appointed as an independent financial adviser to advise the Shareholders on whether (i) the terms of the Spin-off are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and (ii) the duration of the Licensing Agreements as amended by the Supplemental Licensing Agreements is of normal business practice for agreements of this nature.

A circular containing, among other things, further details on the Spin-off, the Preferential Offering and the Share Option Schemes, advice from BCOM on the Spin-off and the duration of the Licensing Agreements as amended by the Supplemental Licensing Agreements as well as a notice of the SGM will be despatched to the Shareholders on 9 September 2005.

**Shareholders and potential investors should note that the Spin-off is subject to, among other things, the approvals from the Shareholders and the Stock Exchange, and may or may not proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## INTRODUCTION

On 11 May 2005, the Board announced that on 10 May 2005 the Company made an application to the Stock Exchange for the approval of the Spin-off, and OMG submitted an advance booking form (Form A1) to the Stock Exchange for an application for the listing of, and permission to deal in, the OMG Shares on the Main Board of the Stock Exchange. In connection with the Spin-off, it is proposed that the Preferential Offering will be made to the Qualifying Shareholders and that the Share Option Schemes will be conditionally adopted by OMG.

OMG was incorporated as an exempted company in the Cayman Islands on 11 March 2005. Prior to the Spin-off, the Reorganisation will be carried out pursuant to which OMG will become the immediate holding company of OMH and a direct subsidiary of Winmax. Winmax is currently an indirect 60%-owned subsidiary of the Company. The Spin-off, should it proceed, will constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. It will also constitute a material dilution of the Company's interest in a major subsidiary, which will require approval of the Shareholders under PN15. Upon completion of the Spin-off, OMG will remain an indirect subsidiary of the Company. As such, the Spin-off is subject to disclosure under Chapter 14 of the Listing Rules and the approval of the Shareholders under PN15. Subject to the Spin-off, OMG will seek to adopt the Share Option Schemes. Shareholders' approval is required for the adoption of the Share Option Schemes.

# THE SPIN-OFF

## 1. The Spin-off

The exact structure of the Spin-off and the Share Offer will be decided subsequently by the Directors, the directors of OMG and the Sole Bookrunner, but is currently expected to be effected by way of the Share Offer which will comprise the Public Offer and the Placing (including the Preferential Offering), and will be accompanied by a separate listing of the OMG Shares on the Main Board of the Stock Exchange. The Placing is expected to include a conditional placing of new OMG Shares with professional, institutional and other investors at the Offer Price. The exact size of the Share Offer and the exact apportionment between the Public Offer and the Placing (including the Preferential Offering) and the terms of the Underwriting Agreement are yet to be finally determined. Upon the successful conclusion of the Share Offer, the OMG Shares will be listed on the Main Board of the Stock Exchange. Immediately after the Spin-off, OMG will have a public float of approximately 25% (taking no account of any OMG Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Schemes) or approximately 27.7% (if the Over-allotment Option is exercised in full and taking no account of any OMG Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Schemes) of its enlarged issued share capital. The OMG Shares in issue will rank pari passu in all respects with all other OMG Shares to be issued in due course pursuant to the Share Offer.

The Spin-off is conditional on the conditions set out in the sub-section headed "8. Conditions" below.

## 2. Separate listing of the OMG Shares

The Shares will continue to be listed on the Main Board of the Stock Exchange after the implementation of the Spin-off. The listing of the OMG Shares on the Main Board of the Stock Exchange is conditional upon the fulfilment or waiver of the conditions stated in the sub-section headed "8. Conditions" below. On 26 August 2005, OMG submitted a formal application (Form C1) to the Stock Exchange for the listing of, and permission to deal in, the OMG Shares in issue and any new OMG Shares to be issued pursuant to the Spin-off (as set out in the Prospectus to be issued by OMG in due course) including any OMG Shares that may be issued pursuant to the exercise of the Over-allotment Option and the exercise of the options to be granted under the Share Option Schemes. The Directors confirm that the Company complies with all the spin-off requirements under PN15, subject to the Shareholders passing an ordinary resolution at the SGM to approve the Spin-off.

Subject to the granting of the listing of, and permission to deal in, the OMG Shares on the Main Board of the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the OMG Shares are expected to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of listing of the OMG Shares or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## 3. Businesses of the Group and the OMG Group

### (a) *The Group*

The Shares were listed on the Stock Exchange on 22 March 1991 by way of placing and public offer and remain listed as of the date of this announcement. The principal businesses and operations of the Group comprise:

(a) *Newspapers and Related Business*

The publication of *Ming Pao Daily News* in Hong Kong, Toronto, Vancouver, New York and San Francisco respectively (each with its own edition) and the opinion-led news/current-affairs magazines, *Ming Pao Monthly* and *Yazhou Zhoukan*, and an Internet portal operation.

(b) *Publication business*

The publication of books and the provision of printing and printing-related services.

(c) *Travel business*

The provision of travel and travel-related services.

(d) *Lifestyle magazine business*

The publication and operation, through the OMG Group (currently 60%-owned by the Company) of Chinese-language lifestyle magazines. This is the underlying business of the Spin-off.

**(b) *The OMG Group***

The OMG Group is principally engaged in the publication, marketing and distribution, through third party distributors, of Chinese-language lifestyle magazines and the sale of advertising space in those magazines. The OMG Group operates under a licensing model, which is a common business model used in the magazine industry. The essence of the licensing model is for the licensee to license the copyrights and the trademarks from the licensor so as to leverage on the licensor's established assets.

Currently, the OMG Group publishes three well-known lifestyle magazines in Hong Kong, namely, *Ming Pao Weekly, Hi-TECH Weekly* and *City Children's Weekly*, and has the right to sell advertising space in, and provides contents to the magazines that incorporate the contents from four internationally-renowned lifestyle magazines, namely, *Popular Science, Digital Camera, Tomorrow's Technology Today* and *TopGear*, in the PRC.

The Magazines can be divided into four separate but inter-related content categories, namely, entertainment and fashion, technology, automotive and children. The readers of the Magazines range from children to affluent educated adults with high disposable income. The OMG Group intends to expand its business in the future both by having more categories of magazines as well as more individual magazines within each category. Such an expansion of categories and magazines should enable the OMG Group, and consequently its advertisers, to reach a wider spectrum of readers.

The OMG Group owes much of its success to the substantial experience of its management in both the Hong Kong and the PRC magazine industries. The OMG Group also possesses well-established business networks with international advertisers, publishers and media groups, backed by a solid operational platform with over 36 years of experience in publishing magazines in Hong Kong. Furthermore, the management of the OMG Group also possesses in-depth knowledge of its advertising client base and vendor preferences, all of which will augment and fuel the OMG Group's continued expansion into the PRC lifestyle magazine market whilst maintaining a competitive position in the Hong Kong market.

The OMG Group aims to be the dominant Chinese-language media group in the Hong Kong and the PRC lifestyle magazine sectors by providing high quality contents to readers and a cross-selling platform to advertisers. The OMG Group is headquartered in Hong Kong with offices in the PRC. The OMG Group is currently 60%-indirectly owned by the Company, with the other

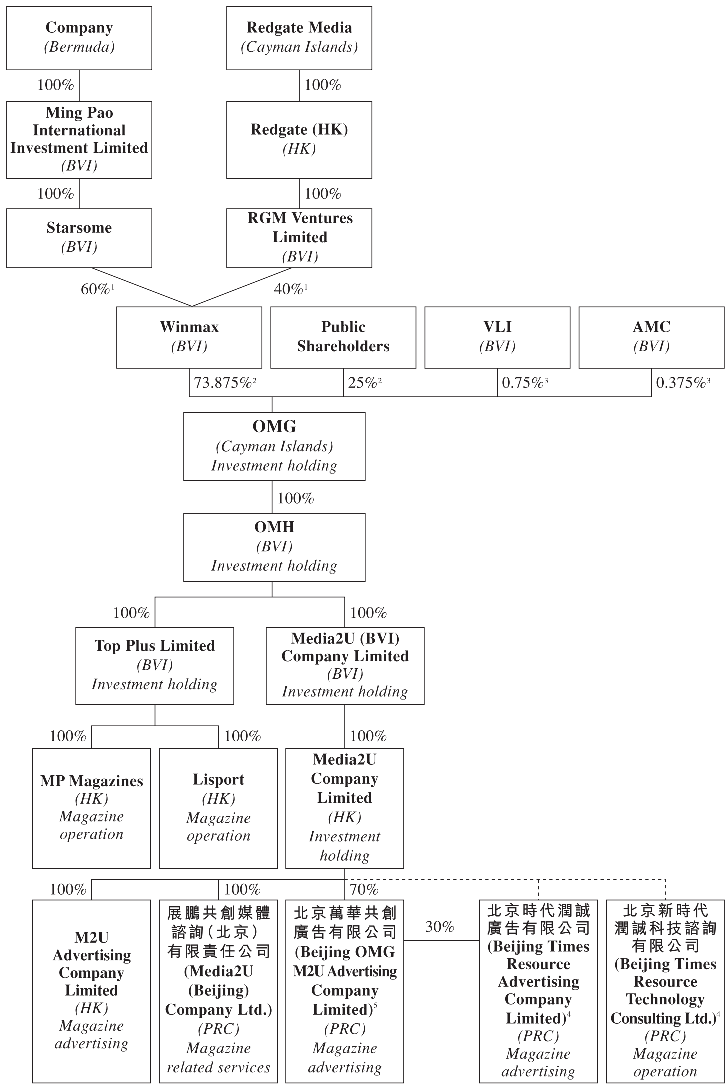
40% interests being currently ultimately owned by Redgate Media, a privately-owned media investment company managed by former senior executives from other international media companies.

In preparation for the listing of the OMG Shares on the Main Board of the Stock Exchange, OMG was incorporated in the Cayman Islands on 11 March 2005 and will become the holding company of the OMG Group pursuant to the Reorganisation, which will be carried out prior to the Spin-off.

## 4. Effects of the Spin-off

### (a) *Shareholding structure*

The following chart sets out the corporate structure of OMG, including its major shareholders and subsidiaries, immediately following the completion of the Spin-off (taking no account of any OMG Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Schemes). Save for OMG being 98.5%, 1% and 0.5% owned by Winmax, VLI and AMC and no public shareholders hold interests in OMG immediately prior to the Spin-off (assuming the Reorganisation has been carried out and the VLI Call Option and the AMC Call Option have been exercised), the corporate structure of OMG immediately prior to the Spin-off is the same as the chart below. Upon completion of the Spin-off, OMG will remain a subsidiary of the Company.




Key: —— direct shareholding

----- indirect deemed shareholding by way of contractual arrangements (see note 4 below)

*Notes:*

1. The shareholding percentages of Starsome and Redgate (HK) in Winmax may be adjusted under:

   (i) the Winmax Option Agreement pursuant to which Starsome has granted to Redgate (HK) the Winmax Call Option, entitling Redgate (HK) the right exercisable on one occasion within the Winmax Option Period to require Starsome to sell all or part of the Winmax Option Shares to Redgate (HK) at the Winmax Call Price; and

   (ii) the Media2U Profit Target Agreement pursuant to which Redgate (HK) has undertaken to Starsome that if the Media2U Targeted Pre-tax Profits cannot be achieved, Redgate (HK) shall pay to Starsome a pre-determined cash amount or, at the discretion of Redgate (HK) and in lieu of payment of such cash amount, reduce its shareholding in Winmax by transferring relevant Winmax Shares to Starsome in accordance with the Media2U Adjustment.

   Whether or not the Winmax Call Option is exercised and/or there is any share transfer pursuant to the Media2U Adjustment, Starsome is and will still be the controlling shareholder of Winmax and Winmax will remain a subsidiary of Starsome after the Spin-off. Details of these arrangements are set forth in the sub-section headed "7. Relationship between the Remaining Group, the Redgate Group and the OMG Group" below.

2. On the basis that no OMG Share has been issued under the Over-allotment Option and the Pre-IPO Share Options.

3. Pursuant to the VLI Option Agreement, Winmax has granted to VLI, for a nominal consideration of HK$1.00, the VLI Call Option. VLI provided consultancy services to Winmax relating to structuring and negotiating, on behalf of Winmax, with Redgate (HK) as to the terms and conditions of the Winmax Subscription Agreement. In return, the VLI Call Option was granted by Winmax to VLI as arranger's fee for the consultancy services provided. Pursuant to the AMC Option Agreement, Winmax has granted to AMC, for a nominal consideration of HK$1.00, the AMC Call Option. AMC provided consultancy services to Winmax relating to introducing Winmax to Redgate Media to enter into the Winmax Subscription Agreement. In return, the AMC Call Option was granted by Winmax to AMC as arranger's fee for the consultancy services provided. The exercise prices of the VLI Call Option and the AMC Call Option are set at the par value of the OMG Shares subject to the relevant option. The exercise prices were determined on an arm's length basis between Winmax and VLI for the VLI Call Option and between Winmax and AMC for the AMC Call Option, as arrangers' fees for Winmax and Redgate Media to enter into the Winmax Subscription Agreement. VLI and AMC are expected to exercise the VLI Call Option and the AMC Call Option, respectively, at or around the completion of the Reorganisation. Immediately following completion of the Share Offer, VLI and AMC will hold approximately 0.75% and 0.375% interests in OMG respectively on the basis that the Over-allotment Option is not exercised.

4. The OMG Group does not have any equity interest in Beijing Times Resource Advertising Company Limited and Beijing Times Resource Technology Consulting Ltd. Through certain subsidiaries of OMH, the OMG Group has entered into a series of contractual arrangements with these entities and their respective shareholders to enable the OMG Group to enjoy the economic benefits of these entities. According to the Statement of Standard Accounting Practice 32 issued by the Hong Kong Institute of Certified Public Accountants, Beijing Times Resource Advertising Company Limited and Beijing Times Resource Technology Consulting Ltd. have been consolidated as subsidiaries of OMH since their respective dates of acquisition.

5. Beijing OMG M2U Advertising Company Limited, which was incorporated in the PRC on 20 May 2005, is a 70:30 equity joint venture between Media2U Company Limited and Beijing Times Resource Advertising Company Limited. Its principal business is to sell advertising space in the PRC Magazines in the PRC. Through certain subsidiaries of OMH, the OMG Group has entered into a series of contractual arrangements with Beijing Times Resource Advertising Company Limited and its shareholders to enable the OMG Group to enjoy the economic benefits of 30% of the equity interests in Beijing OMG M2U Advertising Company Limited held by Beijing Times Resource Advertising Company Limited.

### (b) *Financial effects of the Spin-off*

#### (i) *Net tangible asset value*

The audited consolidated net tangible asset value of the Group as at 31 March 2005 was approximately HK$611.5 million. The audited combined net tangible asset value of the OMG Group as at 31 March 2005 was approximately HK$20.7 million. Details of the audited combined accounts of OMG will be made available upon issue of the Prospectus.

Following the implementation of the Spin-off and the Share Offer, it is expected that the consolidated net tangible asset value of the Group will be increased as a result of the issue by OMG of the Offer Shares at a price above their attributable underlying consolidated net tangible asset value. Winmax's interest in OMG will initially be reduced from 100% to approximately 75% (taking no account of any OMG Shares which may be issued pursuant to the VLI Call Option and the AMC Call Option, the exercise of the Over-allotment Option and the options which may be granted under the Share Option Schemes). Winmax is currently an indirect 60%-owned subsidiary of the Company, and OMG will remain a subsidiary of the Company upon completion of the Share Offer.

Based on the assumptions that (i) the Share Offer were completed on 31 March 2005; (ii) the Over-allotment Option and the options which may be granted under the Share Option Schemes were not exercised; and (iii) net proceeds from the Share Offer amounted to approximately HK$85 million, the estimated gain on deemed disposal of the interests in OMG expected to be recognised by the Group is approximately HK$35.1 million.

(ii) *Earnings*

For the two years ended 31 March 2005, the audited combined net profits before taxation of the OMG Group were approximately HK$26.4 million and approximately HK$28.4 million respectively. For the two years ended 31 March 2005, the audited combined net profits after taxation of the OMG Group were approximately HK$21.2 million and approximately HK$22.4 million respectively. Details of the audited combined accounts of OMG will be made available upon issue of the Prospectus.

Following the implementation of the Spin-off and the Share Offer, the Group's earnings contributed from the OMG Group will be reduced as Winmax's interest in OMG will initially be reduced from 100% to approximately 75% (taking no account of any OMG Shares which may be issued pursuant to the VLI Call Option and the AMC Call Option, the exercise of the Over-allotment Option and the options which may be granted under the Share Option Schemes).

**(c)** ***Hong Kong tax and stamp duty***

Under current legislation in Hong Kong, the implementation of the Spin-off is, of itself, not expected to have any adverse Hong Kong tax consequence for Shareholders, except that those persons who carry on a trade or business in Hong Kong and are or will be treated for tax purposes as trading in OMG Shares may be subject to profits tax in respect of any gain resulting from dealings in OMG Shares pursuant to the Spin-off.

Dealings in OMG Shares registered on OMG's branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

**(d)** ***General***

Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the Spin-off. It is emphasised that none of the Company, OMG or their respective professional advisers or any other parties involved in the Spin-off or their respective directors or employees will accept any responsibility for any tax effect on, or liabilities of, the Shareholders.

## 5. Reasons for and benefits of the Spin-off

The purpose of the Spin-off is to give the Group and the OMG Group separate identities and financing sources which will reflect the different business models, corporate missions, editorial directions, geographical markets, and revenue streams of these businesses. The Directors consider that the following principal commercial benefits will be brought by the Spin-off to both the Group and the OMG Group:

- enable future funds raised by the Company to be more focused on the development of the business of the Remaining Group;
- enable the Company to realize a one-off exceptional gain from the Spin-off;

- enable OMG to function as a separate entity with its own identity and to be the flagship of the Group's lifestyle magazine business in Hong Kong and the PRC;
- enable OMG to establish a higher profile as a listed company, and to raise funds and increase its capital base for future expansion independently, according to its corporate mission and business plans;
- enhance the transparency of the performance of the OMG Group's business as well as to enhance its decision-making process, improve its responsiveness to market changes and enable it to be more focused on the development of its own business;
- allow OMG to establish its own shareholder base; and
- improve the ability of the OMG Group to attract and retain highly qualified professionals in its business.

Immediately following the Spin-off, OMG will remain a subsidiary of the Company. After the Spin-off, the Company will retain a sufficient level of operations and assets of its own, excluding its interest in OMG, to satisfy independently the profit requirements of Rule 8.05 of the Listing Rules as required by paragraph 3(c) of PN15.

## 6. Intended use of proceeds

OMG currently intends to use the net proceeds from the Share Offer as follows:

- approximately 47% of the net proceeds is expected to be used for funding future potential acquisitions and strategic alliances in the magazine business in the PRC, although no material future acquisition or strategic investment is pending;
- approximately 24% of the net proceeds is expected to be used for sales and marketing activities of the new magazines of the OMG Group. New magazines include, but are not limited to, the *Ming Pao Weekly New Chinese Edition* and the *Rolling Stone Chinese Edition*. The OMG Group is also considering to launch new versions of magazines for which it currently holds the licensing rights for the PRC market and to bring more Chinese editions of internationally-renowned magazines to Hong Kong and the PRC. As at the Latest Practicable Date, apart from the *Ming Pao Weekly New Chinese Edition* and the *Rolling Stone Chinese Edition*, no other plan had been concluded;
- approximately 12% of the net proceeds is expected to be used for circulation-related activities of the new magazines of the OMG Group;
- approximately 12% of the net proceeds is expected to be used for repaying a short-term bank loan; and
- the remaining balance of approximately 5% of the net proceeds is expected to be used for general working capital purposes.

## 7. Relationship between the Remaining Group, the Redgate Group and the OMG Group

### (a) *Clear delineation between Remaining Group's and OMG Group's businesses*

Notwithstanding the fact that both the Remaining Group and the OMG Group are engaged in the print media business, the Directors consider that there is a clear delineation between the businesses of the Remaining Group and the OMG Group and that there is no competition between the Newspapers and Related Business and the business of the OMG Group for the following reasons:

— the contents of the publications of the Newspapers and Related Business and those of the OMG Group are basically different. The publications of the Newspapers and Related Business focus on both local and international general news and editorials. Their contents relate to current affairs and commentaries, and are orientated towards social and cultural issues. Based on their industry expertise, the Directors regard that the readers preference for the publications of the Newspapers and Related Business lies in the general news and international news sections; and the lifestyle and entertainment section contained in those publications is not the primary focus for their readers;

— the Magazines published and/or operated by the OMG Group have little or no political or news driven content, and maintain no editorial opinion. In general, the contents of these lifestyle consumer magazines are less dependent on opinion. They are relatively apolitical in nature, and are orientated towards the entertainment, fashion, consumer electronics and other domestic consumption sectors;

— the demographic readership of the publications of the Newspapers and Related Business and the Magazines operated by the OMG Group is different. The readership of the Newspapers and Related Business comprises of well-educated Chinese mainly in Hong Kong and North America, whilst the readership of the Magazines varies from title to title. For example, the readers of *Ming Pao Weekly* are mainly female in the upper and middle class, and the readers of *Hi-TECH Weekly* are mainly male and professionals;

— most advertisers of the Newspapers and Related Business and those of the OMG Group are different. The major advertisers for the publications of the Newspapers and Related Business are property development companies, educational institutions, banking and financial institutions, travel agencies and companies posting classified advertisements, whereas the major advertisers for the Magazines operated by the OMG Group are mainly renowned consumer brand name products; and

— a non-competition undertaking was given by Starsome in the Winmax Shareholders' Agreement, and it is proposed that the Company will enter into a similar non-competition undertaking in favour of OMG prior to the Spin-off, details of which are set out in the sub-section headed "Non-competition undertakings" below.

As the Newspapers and Related Business forms the core of the business of the Remaining Group, and given the distinctive differences between the Newspapers and Related Business and the business of the OMG Group as aforesaid, the Company has no current intention to inject the Newspapers and Related Business into the OMG Group following the Share Offer.

The Directors confirm that the OMG Group is carrying on its business independently of, and at arm's length with, the Remaining Group for the following reasons:

— the Board and the senior management of the Group operate independently of the board and the senior management of the OMG Group. Three of the five executive directors of OMG, namely, Messrs. Peter Bush BRACK, TUNG Siu Ho, Terence and Robert William Hong-San YUNG, are independent of the Board. Furthermore, when taking into account the board of OMG as a whole, which comprises eight directors, only three out of the eight directors of OMG (including one independent non-executive director who is an independent non-executive director of both the Company and OMG) are also directors of the Company. Therefore, the board of OMG has majority of views and opinions from persons independent of the Company;

— OMG has three independent non-executive directors, who are also independent of the Company (one such director, Mr. David YU Hon To, is also an independent non-executive director of the Company). The Directors confirm that the decisions of the board of OMG will be made by the board of OMG as a whole and not by individual directors such that OMG will operate independently of the Company;

— the OMG Group has independent access to its customers. The OMG Group's sales teams, which have been independent from the Group throughout the three years ended 31 March 2005 and thereafter, are responsible for selling advertising space in the Magazines to advertisers through representatives, advertising agencies, or on some occasions, directly to the advertisers themselves. Currently, the OMG Group has two sales teams, one in Hong Kong and one in Beijing. The OMG Group also has sales offices in Shanghai and Guangzhou; and

— during the three years ended 31 March 2005 and thereafter, the principal business operations of the OMG Group, including sales, editorial and publication, have all been managed by the senior management of the OMG Group and function independently from the Group. The senior management of the OMG Group is independent of the Company.

**(b)** ***Non-competition undertakings***

In order to avoid any possible competition between the businesses of the Remaining Group, the Redgate Group and the OMG Group, each of the Company and Redgate Media will enter into a non-competition undertaking in favour of OMG prior to the Spin-off pursuant to which each of the Company and Redgate Media will undertake that it will not and will procure that none of the respective members of the Remaining Group and the Redgate Group, respectively, will for so long as any member of the Remaining Group or the Redgate Group, as the case may be, (a) remains directly or indirectly a shareholder of Winmax (whether legally or as beneficial owner or otherwise) and the Winmax Group (excluding the OMG Group) remains entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of OMG or is in a position to control the composition of a majority of the board of directors of OMG, or (b) remains or is entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of OMG or remains or is in a position to control the composition of a majority of the board of directors of OMG, directly or indirectly carry on (whether alone or in partnership or joint venture with anyone else) or otherwise be concerned with or interested in any business (including business operating in electronic form) competitive with the business of any member of the OMG Group in any country where any such member of the OMG Group carries on business (or anywhere in the world in the case of any business in electronic form), unless with the prior written consent of OMG, provided that:

(i) the Remaining Group shall be entitled to publish and distribute magazines which are already in publication at the date of the Winmax Shareholders' Agreement, including, without limitation, *Ming Pao Monthly* and *Yazhou Zhoukan* (both of which are non-lifestyle magazines predominantly consisting of news and current affairs) and such other publications which are then distributed with newspapers published by the Remaining Group;

(ii) the Group shall be entitled to operate the websites of the HK Magazines, the domain names of which are registered in the name of a member of the Remaining Group, in the same manner such websites are operated as at the date of the non-competition undertaking by the Company; and

(iii) the Remaining Group, or the Redgate Group, may hold shares of up to 5% in the issued share capital of a listed company which carries on business similar to or in competition with the business of the OMG Group.

Furthermore, both the Company and Redgate Media will agree that for so long as any member of the Remaining Group or the Redgate Group, as the case may be, (a) remains directly or indirectly a shareholder of Winmax (whether legally or as beneficial owner or otherwise) and the Winmax Group (excluding the OMG Group) remains entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of OMG or is in a position to control the composition of a majority of the board of directors of OMG, or (b) remains or is entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of OMG or remains or is in a position to control the composition of a majority of the board of directors of OMG, if any opportunity should arise to either of them or any of their respective subsidiaries, which is in respect of any business (including business operating in electronic form) in competition with the business of the OMG Group, such opportunity should first be offered to the Winmax Group for consideration. Winmax will agree with OMG that if any such opportunity is offered to the Winmax Group (excluding the OMG Group) for consideration, it will first offer such opportunity to OMG for consideration.

**(c) *Continuing Connected Transactions between the Remaining Group and the OMG Group***

The Continuing Connected Transactions have been entered into and will continue to be carried out between members of the Remaining Group and members of the OMG Group after the listing of the OMG Shares on the Stock Exchange. A summary and particulars of the Continuing Connected Transactions are set out below:

| | **Type of Continuing Connected Transactions** | **Term** | **Annual cap for each of the two years ending 31 March 2007** *(Note 2)* *(HK$'000)* |
|---|---|---|---|
| 1. | CCW Licensing Agreement — grant of license by MP Finance to Lisport regarding *City Children's Weekly* | From 1 February 2004 to 31 March 2025 *(Note 1)* | 1,500 |
| 2. | HTW Licensing Agreement — grant of license by MP Finance to MP Magazines regarding *Hi-TECH Weekly* | From 1 February 2004 to 31 March 2025 *(Note 1)* | 2,100 |
| 3. | MPW Licensing Agreement — grant of license by MP Finance to MP Magazines regarding *Ming Pao Weekly* | From 1 February 2004 to 31 March 2025 *(Note 1)* | 14,500 |
| 4. | Magazine Service Agreement — provision of the following services by Ming Pao Newspapers Limited to the OMG Group: | | |
| | (a) circulation support services | From 1 February 2004 to 31 March 2007 | 4,200 |
| | (b) editorial support services | From 1 February 2004 to 31 March 2007 | — *(Note 3)* |
| | (c) library services | From 1 February 2004 to 31 March 2007 | — *(Note 3)* |

| Type of Continuing Connected Transactions | Term | Annual cap for each of the two years ending 31 March 2007 *(Note 2)* *(HK$'000)* |
|---|---|---|
| 5. Administrative Service Agreement — provision of the following services by Ming Pao Holdings Limited to the OMG Group: | | |
| (a) EDP programming support services | From 1 February 2004 to 31 March 2007 | — *(Note 3)* |
| (b) administrative support services | From 1 February 2004 to 31 March 2007 | — *(Note 3)* |
| (c) personnel, public relations and legal services | From 1 February 2004 to 31 March 2007 | — *(Note 3)* |
| (d) leasing of computers and other office equipment | From 1 February 2004 to 31 March 2007 | (d) and (e) together, 2,500 |
| (e) leasing of office space, storage space and parking space within Ming Pao Industrial Centre | From 1 February 2004 to 31 March 2007 | |

*Notes:*

1. This assumes that the Supplemental Licensing Agreements have been entered into and have become effective and the duration of the Licensing Agreements has been extended. Further details of the Supplemental Licensing Agreements are set out in the section headed "The Supplemental Licensing Agreements" below.
2. These annual caps are the same as those announced in the Company's announcement dated 6 April 2004.
3. These transactions are exempt from the reporting, announcement and independent shareholders' approval requirements.

Pursuant to the Licensing Agreements, the OMG Group has the right to publish, advertise, market and distribute the HK Magazines in Hong Kong, Macau, the PRC and Taiwan and has an exclusive license to use the trademarks of the HK Magazines for such purposes at a monthly royalty fee payable to the Group. The OMG Group has granted to the Remaining Group a royalty-free right and license to use those editorial and other contents of the HK Magazines, the copyright of which is owned by the OMG Group, for the purpose of publication of newspapers and other publications sold or distributed (including in electronic form) by the Remaining Group in conjunction with any newspapers whether for consideration or not and to sub-license such editorial and other contents to be used for such purpose worldwide, including for publication in electronic form on the websites of the HK Magazines the domain names of which are registered in the name of a member of the Remaining Group.

Pursuant to the Magazine Service Agreement, the Remaining Group has agreed to provide to the OMG Group at monthly charges (a) circulation support services relating to the distribution, sale and promotion of the publications of the OMG Group, (b) editorial support services relating to specific contents for those special advertisements solely placed in the magazines operated by the OMG Group, and (c) library services including data classification, data indexing and filing, data storage management and retrieval, data provision and newspaper clipping.

Pursuant to the Administrative Service Agreement, the Remaining Group has agreed to provide to the OMG Group at monthly charges (a) EDP programming support services being Internet-related services such as email services and virus protection, computer networking services, data management services, general computing and programming support services and system analysis, (b) administrative support services being security services, cleaning services, mail processing and messenger services, ordering and distribution of office supplies services, receptionist and general clerical services, (c) personnel, public relations and legal services including personnel administration service and corporate communication service, (d) leasing of computers and other office equipment, and (e) leasing of office space, storage space and parking space within Ming Pao Industrial Centre.

These Continuing Connected Transactions were entered into between members of the Remaining Group and members of the OMG Group in their usual and ordinary course of business and on normal commercial terms and in the interest of the Shareholders as a whole. For further details, please refer to the announcement of the Company dated 6 April 2004.

**(d)** ***Tax and litigation indemnities***

In connection with the Spin-off, the Company and/or Winmax will give certain indemnities to OMG in relation to certain tax liabilities of the OMG Group. The Company and/or Winmax will give indemnities to OMG, under a deed of indemnity, in connection with tax payable by the OMG Group on profits arising, or events occurring, before the Listing Date, and any liability which may be incurred by any member of the OMG Group in respect of or in consequence of certain defamation actions involving a member of the OMG Group. The deed of indemnity will provide exclusions from the indemnities for: (i) tax which has been provided for in the audited accounts of the companies comprising the OMG Group for the years ended 31 March 2003, 2004 and 2005; (ii) tax in the ordinary course of business thereafter; and (iii) tax retrospectively imposed.

## 8. Conditions

Pursuant to the Listing Rules, OMG will be regarded as a major subsidiary of the Company and the dilution in the Company's equity interests in OMG as a result of the Spin-off is considered to be material and will constitute a discloseable transaction of the Company under the Listing Rules. The Share Offer and the Spin-off will be conditional upon, among other things, the following:

(i) the Shareholders passing an ordinary resolution at the SGM to approve the Spin-off;

(ii) the Listing Committee granting approval for the listing of, and permission to deal in, all the OMG Shares in issue and to be issued pursuant to the Share Offer (including the OMG Shares to be issued upon the exercise of the Over-allotment Option) and any OMG Shares which may be issued pursuant to the exercise of the options granted under the Share Option Schemes;

(iii) the Offer Price having been agreed between OMG and the Sole Bookrunner (on behalf of the Underwriters) and the due execution and delivery of the Underwriting Agreement; and

(iv) the obligations of the Underwriters under the Underwriting Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Bookrunner, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the Underwriting Agreement, on or before the dates and times to be specified therein.

If the above conditions and other applicable conditions are not fulfilled or waived prior to the dates and times to be specified, the Spin-off will not proceed and the Stock Exchange will be notified immediately and an announcement will be published by the Company as soon as practicable thereafter.

## PREFERENTIAL OFFERING

In connection with the Spin-off, it is proposed that, subject to the Stock Exchange granting the listing of, and permission to deal in, the OMG Shares on the Stock Exchange, 7,000,000 Reserved Shares will be available for subscription by Qualifying Shareholders at the Offer Price under the Preferential Offering. Conch will be considered an Overseas Shareholder, and it will undertake to the Company and OMG not to take up any entitlement of the Reserved Shares under the Preferential Offering, with a view to maximizing the opportunity of the public to participate in the Share Offer. On this basis, Qualifying Shareholders will be invited to participate in the Spin-off by applying for the Reserved Shares and will be entitled to subscribe on an assured basis at the Offer Price for one Reserved Share for every whole multiple of 20 existing Shares held by them on the Record Date. However, the final Assured Entitlement is not yet known as it will depend on the number of Shares held by Qualifying Shareholders on the Record Date. The Company will publish a press announcement on or after the Record Date confirming Qualifying Shareholders' entitlement to apply for the Reserved Shares. Any Qualifying Shareholder holding less than 20 Shares (or such other number of existing Shares as may be the minimum specified by the Company as carrying the entitlement to subscribe for the Reserved Shares) will not be entitled to apply for the Reserved Shares.

A **BLUE** application form together with a copy of the Prospectus will be despatched to each Qualifying Shareholder who is entitled to apply for the Reserved Shares. Qualifying Shareholders will be permitted to apply for a number of Reserved Shares which is greater than, less than, or equal to, their Assured Entitlements under the Preferential Offering. A valid application in respect of a number of Reserved Shares less than or equal to a Qualifying Shareholder's Assured Entitlement will be accepted in full, subject to the terms and conditions as mentioned in the Prospectus and the **BLUE** application form. Where a Qualifying Shareholder applies for a number of Reserved Shares which is greater than his or her Assured Entitlement, his or her Assured Entitlement will be satisfied in full, subject to the terms and conditions as set out in the Prospectus and the **BLUE** application form, but the excess portion of such application will only be met to the extent that there are sufficient available Reserved Shares resulting from other Qualifying Shareholders declining to take up some or all of their Assured Entitlements.

Qualifying Shareholders may, in addition to applying for Reserved Shares, also apply for other Offer Shares. The Sole Bookrunner, on behalf of the Underwriters, will allocate any Assured Entitlements not taken up by Qualifying Shareholders first to satisfy the excess applications for Reserved Shares from Qualifying Shareholders on a fair and reasonable basis and thereafter, at the discretion of the Sole Bookrunner, to the Public Offer and/or the Placing (other than the Preferential Offering).

**Shareholders should note that Assured Entitlements to Reserved Shares may not represent a multiple of a full board lot of 2,000 OMG Shares, and that dealings in odd lots of the OMG Shares may be at a price below their prevailing market price.**

Entitlements to the Reserved Shares will not be transferable and there will be no trading in nil paid entitlements on the Stock Exchange. Any OMG Shares issued pursuant to the Preferential Offering will be credited as fully paid, ranking pari passu in all respects with other OMG Shares then in issue.

It is proposed that the number of OMG Shares available under the Preferential Offering will represent approximately 7% of the Share Offer and approximately 1.75% of the enlarged issued share capital of OMG upon completion of the Share Offer (assuming that the Over-allotment Option is not exercised).

The Prospectus containing, among other matters, further details of the Preferential Offering will be despatched to Qualifying Shareholders in due course. Overseas Shareholders, U.S. Shareholders and Excluded Shareholders will not be entitled to any Reserved Shares, but will receive, for information only, the Prospectus.

## CLOSURE OF REGISTER

The register of members of the Company will be closed from 9:00 a.m. to 4:30 p.m. on 26 September 2005 (or such later date(s) as the Board may determine and announce) for the purpose of determining the entitlement of Qualifying Shareholders to the Preferential Offering. No transfer of Shares may be registered during that period. The last day for dealing in the Shares cum-entitlements to the Preferential Offering is expected to be on 21 September 2005. In order to qualify for the Preferential Offering, all transfers must be lodged with the Registrar by no later than 4:30 p.m. on 23 September 2005 (or such later date as the Board may determine and announce).

## SHARE OPTION SCHEMES

On 11 May 2005, the Directors announced that OMG proposed to adopt a share option scheme which will take effect subject to, among other things, the commencement of dealings in OMG Shares on the Stock Exchange. After further consideration, it is proposed that OMG will adopt two share option schemes, namely, the Pre-IPO Scheme and the Post-IPO Scheme. The purpose of the Share Option Schemes is to encourage directors and employees of the Group and the OMG Group to work towards enhancing the value of OMG and the OMG Shares and to motivate them to achieve higher levels of good corporate governance. The adoption of the Share Option Schemes will enable the Company and OMG to recognise the contributions of certain directors and employees of the Group and the OMG Group and to incentivise them going forward both prior to and after completion of the Spin-off. The Pre-IPO Share Options are proposed to be conditionally granted prior to the Spin-off to recognise the contributions of the proposed grantees and to incentivise them going forward prior to the completion of the Spin-off. The subscription price per OMG Share of the Pre-IPO Share Options will be the Offer Price. No options will be offered or granted under the Pre-IPO Scheme upon the commencement of dealings in the OMG Shares on the Stock Exchange. No options will be granted under the Post-IPO Scheme prior to the commencement of dealings in the OMG Shares on the Stock Exchange.

The Share Option Schemes constitute share option schemes governed by Chapter 17 of the Listing Rules. On each grant of options under the Share Option Schemes, the board of directors of OMG will specify the subscription price and any minimum holding period or performance targets which apply to the options. These criteria will enable the board of directors of OMG to provide appropriate incentive and reward to grantees of the options.

A summary of the principal terms of the Share Option Schemes will be included in the circular of the Company in relation to the Spin-off and the Share Option Schemes to be despatched to the Shareholders on 9 September 2005. The adoption of each Share Option Scheme is conditional on: (i) the Shareholders passing an ordinary resolution at the SGM to approve the relevant Share Option Scheme and the shareholder of OMG passing an ordinary resolution to approve and adopt the relevant Share Option Scheme; (ii) the Listing Committee granting approval of the listing of, and permission to deal in, any OMG Shares which may fall to be issued pursuant to the exercise of any option granted under the relevant Share Option Scheme; and (iii) the commencement of dealings in the OMG Shares on the Stock Exchange.

# PROPOSED GRANT OF OPTIONS UNDER THE PRE-IPO SCHEME

## Background

Options are proposed to be granted under the Pre-IPO Scheme to recognise the contributions of certain directors and employees of the OMG Group and the Group to the growth of the OMG Group and to incentivise them going forward. In consideration of HK$1.00 from each grantee, options to subscribe for an aggregate of 15,050,000 OMG Shares at a subscription price equal to the Offer Price are proposed to be conditionally granted to approximately 172 grantees under the Pre-IPO Scheme. In relation to each option to be granted to the grantees under the Pre-IPO Scheme, one of the following two vesting scales will be applied:

(i) 20% of the OMG Shares comprised in the option will vest on each of the five anniversaries of the Listing Date from the first anniversary of the Listing Date to the fifth anniversary of the Listing Date; or

(ii) 100% of the OMG Shares comprised in the option will fully vest on the first anniversary of the Listing Date,

as the case may be, which will be specified in the offer letters to the grantees. Subject to the relevant vesting period, each option will have a 10-year exercise period from the date of the offer of the option. As evidenced by the vesting periods of the options granted under the Pre-IPO Scheme, no option granted under the Pre-IPO Scheme will be exercisable within six months from the Listing Date. Save for the number of OMG Shares which may be subscribed for pursuant to the exercise of options and the vesting periods of the options granted, each option so granted under the Pre-IPO Scheme has the same terms and conditions.

## Dilutive effect

The dilutive effect on Winmax's shareholding interests in OMG arising from the Pre-IPO Scheme (after taking into account the effect of the exercise of the VLI Call Option and the AMC Call Option) is summarised as follows:

| **Events** | **Beneficial shareholding interest of Winmax in the issued share capital of OMG as enlarged by the full exercise of the Pre-IPO Share Options** |
|---|---|
| Upon completion of the Share Offer but before exercise of the Pre-IPO Share Options *(Note)* | 73.88% |
| After issue of the maximum number of OMG Shares upon full exercise of the Pre-IPO Share Options *(Note)* | 71.20% |

*Note:* Assuming no OMG Shares are issued pursuant to the exercise of the Over-allotment Option.

Pursuant to the Statement of Standard Accounting Practice 5 "Earnings per Share" issued by the Hong Kong Institute of Certified Public Accountants, if the exercise price of the share options is equal to the fair value of the existing ordinary shares of a company, the share options are regarded as not having dilutive effect on the earnings per share of that company. As the exercise price of the Pre-IPO Share Options is equal to the Offer Price, the Directors and the directors of OMG consider that the exercise price of the Pre-

IPO Share Options is equal to the fair value of the existing OMG Shares. Therefore, the Pre-IPO Share Options are regarded as not having dilutive effect on the earnings per OMG Share. Accordingly, there will be no dilutive effect on the OMG Shares as a result of the exercise of the Pre-IPO Share Options.

## Granting of Pre-IPO Share Options

Particulars of the Pre-IPO Share Options proposed to be granted to the directors, chief executives or substantial shareholders of the Company, or any of their respective associates, who may acquire OMG Shares under the Pre-IPO Scheme are set out as follows:

| Grantee | Number of OMG Shares subject to the Pre-IPO Share Options | Exercise price | Expected percentage of shareholding in OMG held upon exercise of the Pre-IPO Share Options *(Note)* |
|---|---|---|---|
| *Executive Directors* | | | |
| Tan Sri Datuk TIONG Hiew King | 1,250,000 | Offer Price | 0.301% |
| TIONG Kiu King | 1,250,000 | Offer Price | 0.301% |
| TIONG Ik King | 1,000,000 | Offer Price | 0.241% |
| TIONG Kiew Chiong | 1,250,000 | Offer Price | 0.301% |
| *Independent non-executive Directors* | | | |
| TANG Ying Yu | 150,000 | Offer Price | 0.036% |
| David YU Hon To | 150,000 | Offer Price | 0.036% |
| Victor YANG | 150,000 | Offer Price | 0.036% |

*Note:* The expected percentages of shareholding represent the expected percentages immediately upon the completion of the Share Offer, assuming the Over-allotment Option is not exercised and all the options under the Pre-IPO Scheme are exercised at the same time immediately upon the completion of the Share Offer.

The above proposed grants of the Pre-IPO Share Options have been approved by the independent non-executive Directors of the Company (the proposed grant to an independent non-executive Director has been approved by the remaining two independent non-executive Directors).

No options will be offered or granted under the Pre-IPO Scheme upon the commencement of dealings in the OMG Shares on the Stock Exchange.

## THE SUPPLEMENTAL LICENSING AGREEMENTS

Conditional upon the commencement of dealings in the OMG Shares on the Stock Exchange, the expiry date of the Licensing Agreements will be extended from 31 March 2007 to 31 March 2025 pursuant to the Supplemental Licensing Agreements, the parties and principal terms of which are as follows:

**Parties**

| | CCW Supplemental Licensing Agreement | HTW Supplemental Licensing Agreement | MPW Supplemental Licensing Agreement |
|---|---|---|---|
| Licensor: | MP Finance | MP Finance | MP Finance |
| Licensee: | Lisport | MP Magazines | MP Magazines |

**Principal terms**

The expiry date of the Licensing Agreements will be extended from 31 March 2007 to 31 March 2025, and upon expiry of the Licensing Agreements on 31 March 2025, the term of the Licensing Agreements will automatically be extended for periods of three years upon expiry if the relevant licensee remains OMG's wholly-owned subsidiary at that time and (i) the Company continues to remain as the controlling shareholder of OMG at that time; or (ii) the revenue contribution of the HK Magazines to the OMG Group remains in excess of 50% of the OMG Group's total revenue based on its latest audited financial results. Save for such extension of duration, all the other terms of the Licensing Agreements will remain unchanged.

The Company will ensure that it will comply with the applicable requirements in Chapter 14A of the Listing Rules in respect of the Licensing Agreements having a term exceeding three years upon expiry of the annual cap of the license fees in the financial year ending on 31 March 2007.

### Reasons for entering into the Supplemental Licensing Agreements

The Directors consider that it is normal business practice for agreements of this nature to be of such duration. In addition, as the Company is the controlling shareholder of OMG, it is appropriate to grant support to the OMG Group by having a licensing period of a longer duration. The annual cap amount of the license fees payable by the OMG Group to the Group arising from the Licensing Agreements for each of the two financial years ending 31 March 2007 are set out in the section headed "Continuing Connected Transactions between the Remaining Group and the OMG Group" of this announcement. A further announcement will be made by the Company and OMG as to the annual cap of the license fees payable by the OMG Group to the Group for the next three financial years following 31 March 2007 in due course.

Rule 14A.35(1) of the Listing Rules provides, in relation to non-exempt continuing connected transactions, including those contemplated under the Licensing Agreements, that, inter alia, under special circumstances where the nature of the transaction requires the agreement to be of a duration longer than three years, an independent financial adviser will need to explain why a longer period for the agreement is required and to confirm that it is normal business practice for agreements of such type to be of such duration. BCOM has been appointed as the independent financial adviser to advise, among other things, as to the duration of the Licensing Agreements as amended by the Supplemental Licensing Agreements. BCOM considers that the extension of the expiry date of the Licensing Agreements as amended by the Supplemental Licensing Agreements is reasonable. As stated in the letter from BCOM dated 9 September 2005, BCOM considers that it is of normal business practice for agreements of this nature to be of such duration. The Directors fully agree with the advice of BCOM. The letter from BCOM forms part of the circular of the Company to be despatched on 9 September 2005.

## SGM

As the interests of all Shareholders (including the single largest Shareholder and/or controlling Shareholder) in relation to the Spin-off are not different, all Shareholders are entitled to vote on the Spin-off. All Shareholders are also entitled to vote on the adoption of the Share Option Schemes.

## GENERAL

BCOM has been appointed as an independent financial adviser to advise on whether (i) the terms of the Spin-off are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and (ii) the duration of the Licensing Agreements as amended by the Supplemental Licensing Agreements is of normal business practice for agreements of this nature.

A circular containing, among other things, further details on the Spin-off, the Preferential Offering and the Share Option Schemes, advice from BCOM on the Spin-off and the duration of the Licensing Agreements as amended by the Supplemental Licensing Agreements as well as a notice of the SGM will be despatched to the Shareholders on 9 September 2005.

In connection with the Share Offer, the price of the Offer Shares may be stabilized in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Details of any intended stabilization and how it will be regulated under the SFO will be contained in the Prospectus.

**Shareholders and potential investors should note that the Spin-off is subject to, among other things, the approvals from the Shareholders and the Stock Exchange, and may or may not proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

| | |
|---|---|
| "Administrative Service Agreement" | the agreement dated 1 February 2004 entered into between Ming Pao Holdings Limited and OMH relating to the provision of EDP programming support services, administrative support services, personnel, public relations and legal services, leasing of computers and other office equipment and leasing of office space, storage space and parking space by Ming Pao Holdings Limited to the OMG Group |
| "AMC" | Alpha Media Consultants Limited, a company incorporated in BVI which is wholly owned by an independent third party not connected to the Company, the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates |
| "AMC Call Option" | the call option granted by Winmax to AMC under the AMC Option Agreement, entitling AMC to require Winmax to procure OMG to issue to AMC and/or its nominees 0.5% of the issued share capital of OMG as at the date of completion of such issue at a price equal to the par value of such shares |
| "AMC Option Agreement" | the agreement dated 9 March 2004 entered into between Winmax and AMC (as amended by the supplemental agreement dated 7 September 2005) in relation to the grant by Winmax to AMC of the AMC Call Option |
| "associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "Assured Entitlement(s)" | the entitlements of Qualifying Shareholders to apply for Reserved Shares under the Preferential Offering on the basis of an assured entitlement of one Reserved Share for every whole multiple of 20 Shares held by each Qualifying Shareholder at the close of business on the Record Date |
| "BCOM" | BCOM Securities Company Limited, a corporation licensed to carry out types 1, 4, 6 and 9 of the regulated activities under the SFO |
| "Board" | the board of directors of the Company |
| "BVI" | the British Virgin Islands |
| "CCASS" | the Central Clearing and Settlement System established and operated by HKSCC |
| "CCW Licensing Agreement" | the agreement dated 1 February 2004 entered into between MP Finance and Lisport (as amended by the supplemental agreements dated 29 March 2004, 6 April 2004 and 9 July 2004) relating to the licensing of the trademark of *City Children's Weekly* to Lisport |
| "CCW Supplemental Licensing Agreement" | the supplemental agreement proposed to be entered into between MP Finance and Lisport, further details of which are set out in the section headed "The Supplemental Licensing Agreements" in this announcement |
| "Company" | Ming Pao Enterprise Corporation Limited, an exempted company incorporated in Bermuda with limited liability on 23 January 1991, the shares of which are listed on the Main Board of the Stock Exchange |

| | |
|---|---|
| "Conch" | Conch Company Limited, a company incorporated in BVI which held an approximately 64.11% interest in the Company as at the Latest Practicable Date. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk TIONG Hiew King and Dr. TIONG Ik King. Tan Sri Datuk TIONG Hiew King and Dr. TIONG Ik King directly hold 25% and 22% of the interest in Conch respectively. The remaining 13% of the interest in Conch is held by brothers and sons of Tan Sri Datuk TIONG Hiew King |
| "Continuing Connected Transactions" | the continuing connected transactions contemplated under the Licensing Agreements, the Administrative Service Agreement and the Magazine Service Agreement between the OMG Group and other members of the Group relating to the operations of the HK Magazines |
| "Directors" | the directors of the Company |
| "Excluded Shareholders" | registered holders of the Shares who are directors of the Group or the OMG Group, or associates of such directors |
| "G.K. Goh" | G.K. Goh Securities (H.K.) Limited, a corporation licensed to carry out types 1, 4 and 6 of the regulated activities under the SFO |
| "Group" | the Company and its subsidiaries |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "HK Magazines" | Chinese-language weekly magazines published by the OMG Group in Hong Kong, namely, *Ming Pao Weekly*, *Hi-TECH Weekly* and *City Children's Weekly* |
| "HKSCC" | Hong Kong Securities Clearing Company Limited |
| "Hong Kong" or "HK" | the Hong Kong Special Administrative Region of the PRC |
| "HTW Licensing Agreement" | the agreement dated 1 February 2004 entered into between MP Finance and MP Magazines (as amended by the supplemental agreements dated 29 March 2004 and 6 April 2004) relating to the licensing of the trademark of *Hi-TECH Weekly* to MP Magazines |
| "HTW Supplemental Licensing Agreement" | the supplemental agreement proposed to be entered into between MP Finance and MP Magazines, further details of which are set out in the section headed "The Supplemental Licensing Agreements" in this announcement |
| "ICEA" | ICEA Capital Limited, a corporation licensed to carry out types 1 and 6 of the regulated activities under the SFO |
| "Latest Practicable Date" | 7 September 2005, being the latest practicable date prior to the printing of this announcement for the purpose of ascertaining certain information contained herein |
| "Licensing Agreements" | the CCW Licensing Agreement, the HTW Licensing Agreement and the MPW Licensing Agreement including, if the context so requires, any amendments or supplements thereto |

| | |
|---|---|
| "Lisport" | Lisport Company Limited, a company incorporated in Hong Kong with limited liability on 2 May 1991 and an indirect wholly-owned subsidiary of OMH |
| "Listing Committee" | the Listing Committee of the Stock Exchange |
| "Listing Date" | the date on which the OMG Shares will be listed and from which dealings therein will be permitted to take place on the Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "Magazines" | the HK Magazines and the PRC Magazines |
| "Magazine Service Agreement" | the agreement dated 1 February 2004 entered into between Ming Pao Newspapers Limited and OMH relating to the provision of circulation support services, editorial support services and library services by Ming Pao Newspapers Limited to the OMG Group |
| "Media2U Actual Pre-tax Profits" | the aggregate audited profit before taxation of the PRC Magazines for the two financial years commencing 1 April 2004 until 31 March 2006 |
| "Media2U Adjustment" | the adjustment to be made, either by way of cash payment or, in lieu thereof, a transfer of Winmax Shares, as a result of the difference between the Media2U Actual Pre-tax Profits and the Media2U Targeted Pre-tax Profits |
| "Media2U Profit Target Agreement" | the agreement dated 9 March 2004 entered into between Redgate (HK) and Starsome relating to the Media2U Targeted Pre-tax Profits and the Media2U Adjustment |
| "Media2U Targeted Pre-tax Profits" | the aggregate targeted profit before taxation of the PRC Magazines of not less than HK$30,592,000 for the two financial years commencing 1 April 2004 until 31 March 2006 |
| "MP Finance" | Ming Pao Finance Limited, a company incorporated in BVI on 24 January 1991 and an indirect wholly-owned subsidiary of the Company |
| "MP Magazines" | Ming Pao Magazines Limited, a company incorporated in Hong Kong on 3 October 1986 and an indirect wholly-owned subsidiary of OMH |
| "MPW Licensing Agreement" | the agreement dated 1 February 2004 entered into between MP Finance and MP Magazines (as amended by the supplemental agreements dated 29 March 2004 and 6 April 2004) relating to the licensing of the trademark of *Ming Pao Weekly* to MP Magazines |
| "MPW Supplemental Licensing Agreement" | the supplemental agreement proposed to be entered into between MP Finance and MP Magazines, further details of which are set out in the section headed "The Supplemental Licensing Agreements" in this announcement |
| "Newspapers and Related Business" | the publication of *Ming Pao Daily News* in Hong Kong, Toronto, Vancouver, New York and San Francisco respectively (each with its own edition) and the opinion-led news/current-affairs magazines, *Ming Pao Monthly* and *Yazhou Zhoukan,* and an Internet portal operation |

| | |
|---|---|
| "Offer Price" | the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, Stock Exchange trading fee of 0.005%, SFC transaction levy of 0.005% and investor compensation levy of 0.002%) at which the Offer Shares are to be issued and sold pursuant to the Share Offer |
| "Offer Shares" | the Public Offer Shares and the Placing Shares together, where relevant, with any additional OMG Shares to be issued pursuant to the exercise of the Over-allotment Option |
| "OMG" | One Media Group Limited, an exempted company incorporated in the Cayman Islands with limited liability on 11 March 2005 and an indirect non wholly-owned subsidiary of the Company |
| "OMG Group" | OMG, OMH and OMH's subsidiaries |
| "OMG Shares" | shares of HK$0.001 each in the issued share capital of OMG |
| "OMH" | One Media Holdings Limited (formerly known as Richtop Resources Limited and One Media Group Limited), a company incorporated in BVI with limited liability on 16 January 2004 and a direct wholly-owned subsidiary of Winmax |
| "Over-allotment Option" | the option which may be granted by OMG to the Placing Underwriters exercisable by the Sole Bookrunner on behalf of the Placing Underwriters at any time from the date of the Underwriting Agreement until 30 days from the last day for the lodging of applications under the Public Offer to require OMG to issue up to an aggregate of 15% of the OMG Shares to be initially offered under the Share Offer, at the Offer Price solely to cover over-allocations in the Placing, if any |
| "Overseas Shareholders" | registered holders of the Shares whose addresses on the register of members of the Company are outside Hong Kong at the close of business on the Record Date |
| "Placing" | the conditional placing of the Placing Shares comprising (a) OMG Shares to be placed by the Placing Underwriters with professional, institutional and other investors at the Offer Price; and (b) Reserved Shares to be allotted and issued to Qualifying Shareholders on an assured basis under the Preferential Offering, as further described in the section headed "Structure of the Share Offer" in the Prospectus |
| "Placing Shares" | the new Offer Shares to be offered at the Offer Price pursuant to the Placing (including the Preferential Offering), expected to comprise 90% of the OMG Shares to be initially offered under the Share Offer, together, where relevant, with any additional Offer Shares issued pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in the section headed "Structure of the Share Offer" in the Prospectus) |
| "Placing Underwriters" | the group of underwriters of the Placing (including the Preferential Offering), comprising of G.K. Goh, ICEA and other underwriters to the Placing |
| "PN15" | Practice Note 15 of the Listing Rules |
| "Post-IPO Scheme" | the share option scheme of OMG proposed to be conditionally approved at the SGM |

| | |
|---|---|
| "PRC" | the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| "PRC Magazines" | Chinese-language magazines, namely, 科技新時代, 世界發明 and 汽車測試報告, published by the PRC Publishing Partners, incorporating contents from *Popular Science, Digital Camera, Tomorrow's Technology Today* and *TopGear*, pursuant to agreements entered into by and between the OMG Group and the PRC Publishing Partners and with respect to which a subsidiary of the OMG Group has been granted the exclusive right to sell advertising space |
| "PRC Publishing Partners" | independent business partners of the OMG Group who own or hold the relevant publishing code used in the PRC with respect to each of the PRC Magazines |
| "Preferential Offering" | the preferential offer (as to allocation only) of the Reserved Shares to the Qualifying Shareholders at the Offer Price, subject to and in accordance with the terms and conditions set out in the Prospectus and the related application forms |
| "Pre-IPO Scheme" | the pre-IPO share option scheme of OMG proposed to be conditionally approved at the SGM |
| "Pre-IPO Share Options" | the share options proposed to be granted under the Pre-IPO Scheme |
| "Prospectus" | the prospectus to be issued by OMG in relation to the Public Offer and the Placing (including the Preferential Offering) |
| "Public Offer" | the offer of the Public Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, Stock Exchange trading fee of 0.005%, SFC transaction levy of 0.005% and investor compensation levy of 0.002%), subject to and in accordance with the terms and conditions set out in the Prospectus and the related application forms |
| "Public Offer Shares" | the new Offer Shares to be offered by OMG for subscription at the Offer Price pursuant to the Public Offer, expected to comprise 10% of the OMG Shares to be initially offered under the Share Offer, subject to adjustment as described in the Prospectus |
| "Public Offer Underwriters" | the group of underwriters of the Public Offer, comprising of G.K. Goh, ICEA and other underwriters to the Public Offer |
| "Qualifying Shareholders" | registered holders of Shares, whose names appear on the register of members of the Company as holding 20 or more Shares at the close of business on the Record Date, other than Overseas Shareholders, U.S. Shareholders and Excluded Shareholders |
| "recognised stock exchange" | as defined in the Listing Rules |
| "Record Date" | 26 September 2005, being the record date for ascertaining the Assured Entitlement |
| "Redgate Group" | Redgate Media and its subsidiaries |

| | |
|---|---|
| "Redgate (HK)" | Redgate Media (HK) Limited, a company incorporated in Hong Kong with limited liability on 5 March 2003 and a wholly-owned subsidiary of Redgate Media |
| "Redgate Media" | Redgate Media Inc., a company incorporated in the Cayman Islands with limited liability on 8 January 2003, and which, as at the Latest Practicable Date, was interested in 40% of the issued share capital of Winmax |
| "Registrar" | the Hong Kong branch share registrar of the Company, Tengis Limited of G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong |
| "Remaining Group" | the Group excluding the OMG Group |
| "Reorganisation" | the reorganisation of the OMG Group in preparation for the listing of the OMG Shares on the Stock Exchange whereby Winmax will transfer the entire issued share capital of OMH to OMG |
| "Reserved Shares" | the 7,000,000 Offer Shares (representing approximately 7% of the Offer Shares expected to be initially available under the Share Offer (subject to adjustment and the Over-allotment Option)) offered pursuant to the Preferential Offering and which are to be allocated out of the Placing Shares being offered |
| "SFC" | the Securities and Futures Commission of Hong Kong |
| "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "SGM" | the special general meeting to be convened by the Company to approve the Spin-off and the transactions contemplated thereunder and the Share Option Schemes |
| "Shares" | shares of HK$0.10 each in the issued share capital of the Company |
| "Share Offer" | the Public Offer and the Placing (including the Preferential Offering) |
| "Share Option Schemes" | the Pre-IPO Scheme and the Post-IPO Scheme |
| "Shareholder(s)" | the holder(s) of the Share(s) |
| "Sole Bookrunner" | G.K. Goh |
| "Spin-off" | the proposed spin-off of OMG and separate listing of the OMG Shares on the Main Board of the Stock Exchange |
| "Starsome" | Starsome Limited, a company incorporated in BVI with limited liability on 16 January 2004 and an indirect wholly-owned subsidiary of the Company, holding 60% interest in Winmax |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Supplemental Licensing Agreements" | the CCW Supplemental Licensing Agreement, the HTW Supplemental Licensing Agreement and the MPW Supplemental Licensing Agreement |

| | |
|---|---|
| "Underwriters" | the Placing Underwriters and the Public Offer Underwriters |
| "Underwriting Agreement" | the conditional underwriting and placing agreement to be entered into between, among others, OMG and the Underwriters |
| "U.S. Shareholders" | registered holders of Shares who are United States persons or who are within the United States (as such terms are defined in Regulation S under the United States Securities Act of 1933) |
| "US$" | United States dollars, the lawful currency of the United States of America |
| "VLI" | Venture Logic Investments Limited, a company incorporated in BVI with limited liability which is wholly owned by Mr. LAM Pak Cheong, the Chief Financial Officer of the OMG Group and his associates |
| "VLI Call Option" | the call option granted by Winmax to VLI under the VLI Option Agreement, entitling VLI to require Winmax to procure OMG to issue to VLI and/or its nominees 1% of the issued share capital of OMG as at the date of completion of such issue at a price equal to the par value of such shares |
| "VLI Option Agreement" | the agreement dated 9 March 2004 entered into between Winmax and VLI (as amended by the supplemental agreement dated 7 September 2005) in relation to the grant by Winmax to VLI of the VLI Call Option |
| "Winmax" | Winmax Resources Limited, a company incorporated in BVI with limited liability on 16 January 2004 and an indirect 60%-owned subsidiary of the Company |
| "Winmax Call Option" | a call option entitling Redgate (HK) to require Starsome to sell all or part of the Winmax Option Shares to Redgate (HK) at the Winmax Call Price during the Winmax Option Period as provided in the Winmax Option Agreement |
| "Winmax Call Price" | the price per share payable by Redgate (HK) to Starsome for the Winmax Option Shares which shall be equal to 95% of the average closing price of OMG Shares for the ten trading days immediately preceding the date on which the exercise notice is delivered to Starsome multiplied by the number of OMG Shares held by Winmax as at the date of completion of the transfer of all or part of the Winmax Option Shares pursuant to the exercise notice divided by the total number of issued Winmax Shares as at the said completion date |
| "Winmax Group" | Winmax and its subsidiaries |
| "Winmax Option Agreement" | the agreement dated 9 March 2004 entered into between Starsome and Redgate (HK) in relation to the granting of the Winmax Call Option by Starsome to Redgate (HK) |
| "Winmax Option Period" | the 12-month period commencing on the date (the "earliest date") on which the Winmax Shares can be transferred pursuant to the rules of the Stock Exchange or a recognised stock exchange or any relevant underwriting agreement to which OMG is a party provided that if the earliest date occurs prior to 30 September 2006, then the commencement date of the Winmax Option Period shall be the date of completion of the Media2U Adjustment |

| | |
|---|---|
| "Winmax Option Shares" | such number of Winmax Shares as shall equal 7.87% of the total number of issued Winmax Shares as at the date of completion of the transfer of the Winmax Option Shares |
| "Winmax Shareholders' Agreement" | the shareholders' agreement dated 9 March 2004 entered into between Winmax, Starsome and Redgate (HK) |
| "Winmax Shares" | shares of US$0.01 each in the issued share capital of Winmax |
| "Winmax Subscription Agreement" | the subscription agreement dated 9 March 2004 (as amended by the supplemental agreement dated 11 March 2004) entered into between the Company, Winmax, Redgate (HK) and Redgate Media in relation to the subscription of the Winmax Shares |

By Order of the Board
**Ming Pao Enterprise Corporation Limited**
**TIONG Kiew Chiong**
*Director*

Hong Kong, 9 September 2005

*As at the date of this announcement, the Board comprises Tan Sri Datuk TIONG Hiew King, Mr. TIONG Kiu King, Dr. TIONG Ik King and Mr. TIONG Kiew Chiong, being executive Directors; and Mr. TANG Ying Yu, Mr. David YU Hon To and Mr. Victor YANG, being independent non-executive Directors.*

---

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting of Ming Pao Enterprise Corporation Limited (the "Company") will be held at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong on Monday, 26 September 2005 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions:

## ORDINARY RESOLUTIONS

(1) "**THAT** the spin-off of One Media Group Limited ("OMG"), a subsidiary of the Company, and separate listing of the shares of OMG on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as more particularly described in the circular of the Company dated 9 September 2005 (the "Circular") contained in the document marked "A" and despatched to the shareholders of the Company of which the notice convening this meeting forms part and produced to the meeting and for the purpose of identification signed by the Chairman thereof, subject to any variations or changes which are considered by the Company's directors not to be material (the "Spin-off"), which constitutes a material dilution (within the meaning under the Rules Governing the Listing of Securities on the Stock Exchange) of the Company's interest in OMG and its subsidiaries, subject to the approval of the Spin-off being granted by the Stock Exchange, be and is hereby approved and the board of directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions and arrangements (including but not limited to the non-competition undertaking and the deed of indemnity as more particularly described in the Circular) as may be necessary or expedient in order to give effect to the Spin-off."

(2) "**THAT** the pre-IPO share option scheme and the post-IPO share option scheme of OMG (the "Share Option Schemes"), the terms of which are contained in the documents marked "B" and "C" respectively and summaries of which are set out in the Circular contained in the document marked "A" and despatched to the shareholders of the Company of which the notice convening this meeting forms part and produced to the meeting and for the purpose of identification signed by the Chairman thereof, be and are hereby approved and the board of directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give effect to the Share Option Schemes."

By Order of the Board
**Ming Pao Enterprise Corporation Limited**
**TIONG Kiew Chiong**
*Director*

Hong Kong, 9 September 2005

*Registered Office:*
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Notes:*

1. A member of the Company entitled to attend and vote at the Special General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead in accordance with the Company's Bye-Laws. A proxy need not be a member of the Company.

2. A form of proxy for use at the Special General Meeting will be enclosed with the circular dated 9 September 2005 to shareholders of the Company.

3. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged at the principal place of business of the Company in Hong Kong at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong, not less than 48 hours before the appointed time for holding the Special General Meeting or any adjournment thereof (as the case may be) and in default thereof the form of proxy and such power or authority shall not be treated as valid.

4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Special General Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. The circular dated 9 September 2005 referred to in this notice will be separately despatched to shareholders of the Company.

*Please also refer to the published version of this announcement in **(South China Morning Post)***