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If you have sold or transferred all your shares in Ming Pao Enterprise Corporation Limited, you should at once hand this circular and the enclosed proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular does not constitute an invitation or offer to acquire, purchase or subscribe for shares of Ming Pao Enterprise Corporation Limited.



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



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

Independent Financial Adviser to the Shareholders



BCOM Securities Company Limited

A letter from BCOM, the independent financial adviser to the Shareholders, containing its advice in relation to the Spin-off and the duration of the Licensing Agreements is set out on pages 35 to 48 of this circular.

A notice convening the SGM to 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. is set out on pages 69 to 70 of this circular. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

EXPECTED TIMETABLE

2005

Last day for dealing in Shares cum-entitlement to
the Preferential Offering 21 September

Latest time for lodging transfers of Shares to qualify for
the Preferential Offering (*Note*). 4:30 p.m. on 23 September

Latest time for return of proxy forms in
respect of the SGM 10:00 a.m. on 24 September

Register of members of the Company closes (*Note*). from 9:00 a.m. on 26 September to
4:30 p.m. on 26 September

Record Date for determining the entitlement to
the Preferential Offering (*Note*). 26 September

SGM 10:00 a.m. on 26 September

Register of members of the Company re-opens on 27 September

Note: The Board may determine a later date for closure of the register of members of the Company and for determination of
entitlements to the Preferential Offering, in which case a further announcement will be made to inform Shareholders.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“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
“business day”	any day (other than Saturday and Sunday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“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 <i>City Children’s Weekly</i> 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 the Letter from the Board in this circular
“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, <i>Ming Pao Weekly</i> , <i>Hi-TECH Weekly</i> and <i>City Children’s Weekly</i>
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

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“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 <i>Hi-TECH Weekly</i> 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 the Letter from the Board in this circular
“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 circular 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

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“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 <i>Ming Pao Weekly</i> 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 the Letter from the Board in this circular
“Newspapers and Related Business”	the publication of <i>Ming Pao Daily News</i> in Hong Kong, Toronto, Vancouver, New York and San Francisco respectively (each with its own edition) and the opinion-led news/current-affairs magazines, <i>Ming Pao Monthly</i> and <i>Yazhou Zhoukan</i> , 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

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“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, the principal terms of which are summarised in Appendix II to this circular
“PRC”	the People’s Republic of China which, for the purpose of this circular, 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 和 汽車測試報告, published by the PRC Publishing Partners, incorporating contents from <i>Popular Science</i> , <i>Digital Camera</i> , <i>Tomorrow’s Technology Today</i> and <i>TopGear</i> , 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

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“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, the principal terms of which are summarised in Appendix II to this circular
“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

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“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
“RMB”	Renminbi, the lawful currency of the PRC
“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

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“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

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“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

Unless otherwise stated, certain amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1.06 = HK\$1 for illustration purpose only. Such conversions shall not be construed as representations that amounts in RMB were or may have been converted into HK\$ at such rates or any other exchange rates or at all.



MING PAO ENTERPRISE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 685)

Executive Directors:

Tan Sri Datuk TIONG Hiew King (*Chairman*)
Mr. TIONG Kiu King
Dr. TIONG Ik King
Mr. TIONG Kiew Chiong

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Independent Non-Executive Directors:

Mr. TANG Ying Yu
Mr. David YU Hon To
Mr. Victor YANG

Head Office and Principal

Place of Business:
15th Floor, Block A
Ming Pao Industrial Centre
18 Ka Yip Street
Chai Wan
Hong Kong

9 September 2005

To the Shareholders

Dear Sir or Madam,

**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**

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.

The purposes of this circular are: (1) to provide Shareholders with information on the reasons for, and the benefits of, the Spin-off (together with such other information relating to the Spin-off as required by the Listing Rules for a discloseable transaction of the Company), the Share Option Schemes and the grant of the options under the Pre-IPO Scheme; (2) to provide Shareholders with

LETTER FROM THE BOARD

information on the Supplemental Licensing Agreements; (3) to set out the letter from BCOM which contains its advice to the Shareholders regarding the voting on the Spin-off and the duration of the Licensing Agreements as amended by the Supplemental Licensing Agreements; (4) to seek Shareholders' approval for the Spin-off and transactions related thereto and the Share Option Schemes; and (5) to give notice to Shareholders of the SGM at which ordinary resolutions will be proposed to approve the Spin-off and transactions related thereto and the Share Option Schemes.

Shareholders and potential investors should note that the Spin-off, which is subject to a number of conditions, may not proceed. In particular, there is no assurance that approval from the Stock Exchange will be granted. Accordingly, Shareholders and potential investors are urged to exercise extreme caution when dealing in the Shares.

The Company is required to comply with the requirements under PN15. The Directors confirm that the Company complies with all of the spin-off requirements under PN15, subject to the Shareholders passing an ordinary resolution at the SGM to approve the Spin-off.

BACKGROUND FOR THE SPIN-OFF

The Group is principally engaged in the publication of Chinese-language newspapers, magazines and books, as well as the provision of travel and travel related services. The OMG Group, which is the subject of the Spin-off, represents the Group's consumer lifestyle magazine operating arm. The OMG Group currently 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.

It is proposed that new OMG Shares will be issued by OMG pursuant to the Spin-off. In connection with the Spin-off, the Preferential Offering will be made to the Qualifying Shareholders.

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 circular. 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 licensors 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.

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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.

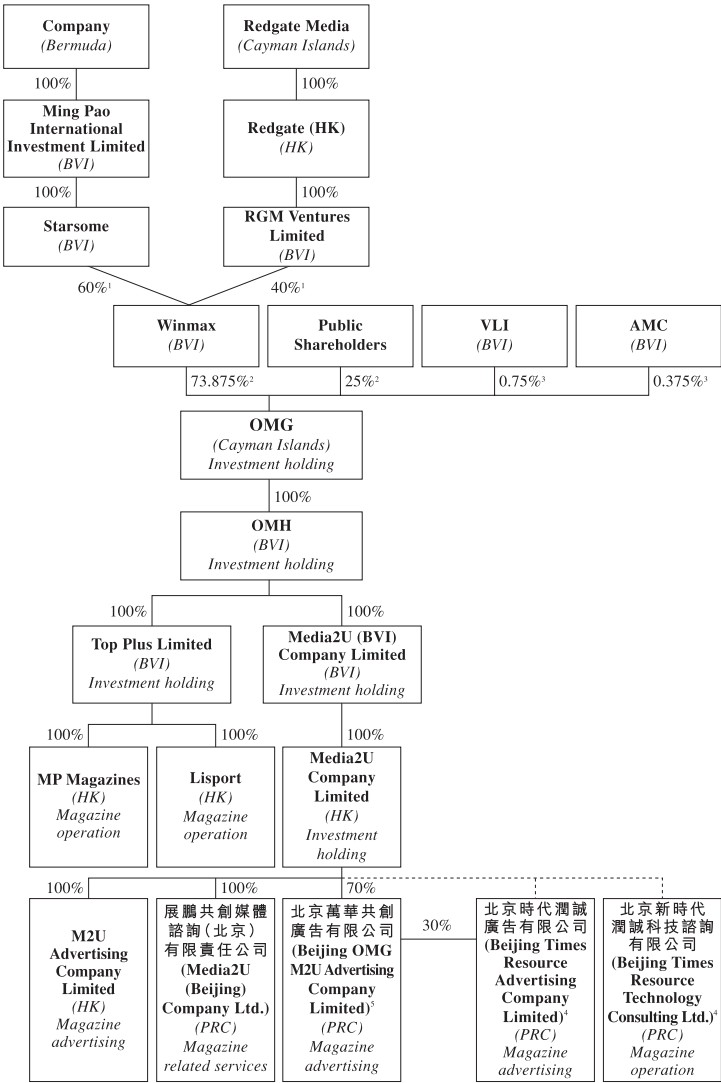
The OMG Group aims to be the dominant Chinese-language media group in the Hong Kong and the PRC lifestyle magazine sectors by providing high quality contents to readers and a cross-selling platform to advertisers. The OMG Group is headquartered in Hong Kong with offices in the PRC. The OMG Group is currently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

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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 北京時代潤誠廣告有限公司 (Beijing Times Resource Advertising Company Limited) and 北京新時代潤誠科技諮詢有限公司 (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, 北京時代潤誠廣告有限公司 (Beijing Times Resource Advertising Company Limited) and 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) have been consolidated as subsidiaries of OMH since their respective dates of acquisition.
5. 北京萬華共創廣告有限公司 (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 北京時代潤誠廣告有限公司 (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 北京時代潤誠廣告有限公司 (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 北京萬華共創廣告有限公司 (Beijing OMG M2U Advertising Company Limited) held by 北京時代潤誠廣告有限公司 (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).

The unaudited pro forma financial information, showing the effect on the consolidated net tangible asset value of the Group and profit of the Group attributable to Shareholders and basic earnings per Share, and the text of the letter from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, is set out in Appendix I to this circular.

(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.

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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 <i>City Children's Weekly</i>	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 <i>Hi-TECH Weekly</i>	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 <i>Ming Pao Weekly</i>	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

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		Annual cap for each of the two years ending 31 March 2007 (Note 2) (HK\$'000)
Type of Continuing Connected Transactions	Term	
(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)
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.

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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) Media2U Profit Target Agreement and Winmax Option Agreement

As disclosed in the circular of the Company dated 3 April 2004 relating to, *inter alia*, the Media2U Profit Target Agreement and Winmax Option Agreement as a condition of, and in consideration of, Winmax and Redgate (HK) agreeing to enter into the Winmax Subscription Agreement, Redgate (HK) undertook to Starsome pursuant to the Media2U Profit Target Agreement 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 payment, reduce its shareholding in Winmax by transferring relevant Winmax Shares (the total number of issued shares of Winmax is 100,000 as at the Latest Practicable Date) to Starsome in accordance with the following schedule as stipulated in the Media2U Profit Target Agreement.

Level of achievement of the Media2U Actual Pre-tax Profits as a percentage of the Media2U Targeted Pre-tax Profits	Cash amount (HK\$'000)	Redgate (HK)'s shareholding in Winmax		Starsome's shareholding in Winmax	
		%	No. of shares	%	No. of shares
96% or above	0	40.000%	40,000	60.000%	60,000
81% to 95%	11,472	38.075%	38,075	61.925%	61,925
66% to 80%	45,888	32.299%	32,299	67.701%	67,701
51% to 65%	80,304	26.524%	26,524	73.476%	73,476
36% to 50%	114,720	20.748%	20,748	79.252%	79,252
below 35%	149,136	14.973%	14,973	85.027%	85,027

The sole purpose of having the Media2U Adjustment is to minimize uncertainty for the Company in terms of determining the shareholding percentage of the subscription of the Winmax Shares. For the avoidance of doubt, the Media2U Targeted Pre-tax Profits are not a profit forecast in any form.

Redgate (HK) has full discretion to decide whether to pay Starsome in cash or reduce its shareholding in Winmax. The Directors have been advised by Redgate (HK) and Redgate Media that the adjustment option is subject to the investment decision and the financial position of Redgate (HK) and Redgate Media in March 2006. However, Starsome's controlling status in Winmax will not be affected and the Company will still be the ultimate beneficial controlling shareholder of Winmax.

Pursuant to the Winmax Option Agreement, 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, representing 7.87% of the issued share capital of Winmax as at the date of completion of such transfer of the Winmax Option Shares, to Redgate (HK) at the Winmax Call Price. The Winmax Call Option can only be exercised if the OMG Shares are listed and have commenced trading on the Stock Exchange or a recognised stock exchange during the Winmax Option Period.

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The Media2U Adjustment and the Winmax Call Option will have no direct impact on the OMG Group's operations and performance, as they are merely possible shareholding adjustments between the shareholders of Winmax, the controlling shareholder of OMG after the Spin-off. Whether or not the Media2U Targeted Pre-tax Profits are achieved, or there is any Media2U Adjustment and/or exercise of the Winmax Call Option, Winmax will remain the controlling shareholder of OMG and Starsome will remain the majority shareholder of Winmax after the Spin-off.

If a Media2U Adjustment occurs (by way of a reduction in Redgate (HK)'s shareholding in Winmax) and/or the Winmax Call Option is exercised, the shareholding structure of Winmax will be as follows:

	Redgate (HK)'s shareholding in Winmax	Starsome's shareholding in Winmax
Media2U Adjustment	14.973% to 40.000%	60.000% to 85.027%
Winmax Call Option	40.000% to 47.870%	52.130% to 60.000%
Both	22.843% to 47.870%	52.130% to 77.157%

The completion of the Media2U Adjustment and/or the exercise of the Winmax Call Option will not affect the senior management of OMG or the influence of Starsome in the board of OMG. The senior management will be appointed by the board of OMG. The Directors believe that there will not be any material impact on the OMG Group's operations as a result of the exercise or non-exercise of the Media2U Adjustment and/or the Winmax Call Option.

(e) *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;

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- (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.

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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 is set out in Appendix II to this circular.

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.

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.

LETTER FROM THE BOARD

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 (<i>Note</i>)	73.88%
After issue of the maximum number of OMG Shares upon full exercise of the Pre-IPO Share Options (<i>Note</i>)	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 (<i>Note</i>)
Tan Sri Datuk TIONG Hiew King <i>Executive Director</i>	1,250,000	Offer Price	0.301%
TIONG Kiu King <i>Executive Director</i>	1,250,000	Offer Price	0.301%

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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)
TIONG Ik King <i>Executive Director</i>	1,000,000	Offer Price	0.241%
TIONG Kiew Chiong <i>Executive Director</i>	1,250,000	Offer Price	0.301%
TANG Ying Yu <i>Independent non-executive Director</i>	150,000	Offer Price	0.036%
David YU Hon To <i>Independent non-executive Director</i>	150,000	Offer Price	0.036%
Victor YANG <i>Independent non-executive Director</i>	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

	<i>CCW Supplemental Licensing Agreement</i>	<i>HTW Supplemental Licensing Agreement</i>	<i>MPW Supplemental Licensing Agreement</i>
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 licence 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 on pages 22 to 23 of this circular. 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 it is normal business practice for the Licensing Agreements to have a period exceeding three years. The Directors fully agree with the advice of BCOM. Please refer to the Letter from BCOM on pages 35 to 48 of this circular.

LETTER FROM THE BOARD

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.

A notice convening the SGM to be held on Monday, 26 September 2005 at 10:00 a.m. at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong is set out on pages 69 to 70 of this circular. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATIONS

The Directors are of the view that the terms of the Spin-off and the Share Option Schemes are fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the ordinary resolutions to approve the Spin-off and transactions related thereto and the Share Option Schemes as set out in the notice of SGM on pages 69 to 70 of this circular. As Mr. TANG Ying Yu, Mr. David YU Hon To and Mr. Victor YANG, the independent non-executive Directors of the Company, are all proposed grantees of the Pre-IPO Share Options under the Pre-IPO Scheme, they have not participated in formulating a recommendation to the Shareholders on the Spin-off and accordingly, no independent board committee was formed.

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. The letter from BCOM containing its advice to the Shareholders regarding the voting on the Spin-off, together with the factors and reasons it considered in arriving at its opinion, is set out on pages 35 to 48 of this circular. BCOM considers that the Spin-off is fair and reasonable so far as the Shareholders are concerned and that the Spin-off is in the interests of the Company and the Shareholders as a whole. Accordingly, BCOM recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Spin-off.

GENERAL

ICEA and G.K. Goh have been appointed as the Joint Sponsors of the Share Offer. The Board expects that the Prospectus containing, among other matters, details of the Preferential Offering (including the basis of allocation) will be despatched to Qualifying Shareholders in due course.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

This circular is being distributed to the Shareholders. This circular does not constitute an offer or invitation to subscribe for or purchase any securities nor is it calculated to invite any such offer or invitation. Neither this circular nor anything contained herein shall form the basis of any contract or commitment whatsoever.

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

Your attention is drawn to the additional information contained in the appendices to this circular.

Yours faithfully,
By Order of the Board
Ming Pao Enterprise Corporation Limited
TIONG Kiew Chiong
Director



3rd Floor
Far East Consortium Building
121 Des Voeux Road Central
Central
Hong Kong

9 September 2005

To the Shareholders of Ming Pao Enterprise Corporation Limited

Dear Sirs/Madam

**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**

INTRODUCTION

We refer to our appointment by the Company to advise you in respect of the proposed Spin-off of OMG. Details of the Spin-off are contained in the circular to the Shareholders dated 9 September 2005 (the “Circular”), of which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter shall have the same meanings as defined in the Circular.

The Spin-off will result in the separate listing of the OMG Shares on the Main Board of the Stock Exchange by way of the Share Offer, comprising the Public Offer and the Placing (including the Preferential Offering). Immediately after the Spin-off, OMG will have a public float of approximately 25% (taking into no account 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 into no account any OMG Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Schemes) or approximately 30.2% (if the Over-allotment Option and the Pre-IPO Share Options are exercised in full) of its enlarged issued share capital. The terms of the Share Offer are subject to finalization and will be contained in the Prospectus.

In recognition of the requirement to provide assured entitlements to shareholders of Hong Kong listed companies under the Listing Rules in connection with spin-off proposals, it is presently intended that the Qualifying Shareholders will be entitled to subscribe for 7,000,000 Reserved Shares on an assured basis 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. It is not within our terms of reference to advise on whether the Qualifying Shareholders should take up their entitlements of the Reserved Shares under the Preferential Offering. It is also not within our terms of reference to consider or advise on the pricing of the OMG Shares in the Share Offer nor on the timing of the making of the Share Offer relative to the prevailing market conditions or at all. In these respects, the Qualifying Shareholders are recommended to consult their own professional advisers and refer to the information contained in the Circular and the Prospectus. We have also not considered the tax

consequences of the Spin-off on the Shareholders since these are particular to their individual circumstances. In particular, Shareholders who are subject to overseas taxation on securities dealing should consult their own professional advisers. Furthermore, we are not required to, and do not, express any opinion on the terms of the Share Option Schemes.

After the Reorganisation, OMG will be regarded as a major subsidiary of the Company under the Listing Rules. Upon completion of the Spin-off, OMG will remain an indirect subsidiary of the Company. The Spin-off will constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and require shareholders' approval under Practice Note 15 of the Listing Rules. 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 in the SGM in respect of the Spin-off. As Mr. TANG Ying Yu, Mr. David YU Hon To and Mr. Victor YANG, the independent non-executive Directors, are all proposed grantees of the Pre-IPO Share Options under the Pre-IPO Scheme, they have not participated in formulating a recommendation to the Shareholders on the Spin-off and accordingly, no independent board committee was formed. We have been appointed as the independent financial adviser to the Shareholders, and our role is to give an independent opinion to the Shareholders as to whether (i) the terms of the Spin-off are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned; 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.

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors, which we have assumed to be true, accurate and complete. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that the information which we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information, and we have no reason to doubt the truth and accuracy of the information provided to us or that any material facts have been omitted or withheld. We have not conducted any independent investigation into the business and affairs of the Group or the OMG Group. We have assumed that all representations contained or referred to in the Circular and made by the Directors were true at the date of the Circular and will continue to be true up to the date of the SGM.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and our recommendation with regard to the Spin-off, we have taken into account the following principal factors and reasons:

1. Background to and reasons for the Spin-off

Background of the Group

The Group has been in operation since the 1950s and the Shares were listed on the Stock Exchange on 22 March 1991. The Group is principally engaged in the publication of Chinese-language newspapers, magazines and books, as well as the provision of travel and travel related services.

(i) *Newspapers and Related Business*

The flagship product of the Group is *Ming Pao Daily News*, which is published in Hong Kong, Toronto, Vancouver, New York and San Francisco respectively. The Group has an Internet portal, namely www.mingpao.com, to distribute news report on the Internet. In connection with its publication business on opinion-led news and current affairs, the Group has two magazines, namely *Ming Pao Monthly* and *Yazhou Zhoukan*, to focus on political, economic and cultural issues in the PRC and other Asian countries.

(ii) *Lifestyle magazine business*

Through the OMG Group, the Group publishes and/or operates non-political, non-opinion-led and lifestyle-related magazines in Chinese-language in Hong Kong and the PRC.

(iii) *Publication, printing, travel and related business*

The Group publishes books, provides printing and printing-related services and operates travel and travel-related services.

Background of the OMG Group

The Group's business of lifestyle magazines can be traced back to 1968 when the first edition of *Ming Pao Weekly* was launched. On 30 April 2004, in order to leverage on the growth potential of the Chinese-language lifestyle magazine market in the PRC, the Company, through OMH, acquired Media2U (BVI) Company Limited and its subsidiaries from Redgate Media. At that time, Media2U (BVI) Company Limited and its subsidiaries were granted licenses to provide contents to and use the trademarks of *Popular Science*, *Digital Camera*, *Tomorrow's Technology Today* and *TopGear* in certain Chinese-language magazines in the PRC. In return, the Group issued new shares of Winmax (as holding company of OMH) to Redgate Media, as a result of which Redgate Media became interested in 40% of the enlarged share capital of Winmax. Details of the transactions in respect of the establishment of the current business of the OMG Group have already been disclosed in the circular to Shareholders dated 3 April 2004. As stated therein, the Group has considered a proposal for the separate listing of the OMG Group.

The OMG Group currently (i) publishes *Ming Pao Weekly*, *Hi-TECH Weekly* and *City Children's Weekly* in Hong Kong; and (ii) has the right to sell advertising space in, and provides contents to, the magazines that incorporate the contents from *Popular Science*, *Digital Camera*, *Tomorrow's Technology Today* and *TopGear* in the PRC.

Spin-off

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 advanced booking form (Form A1) to the Stock Exchange for the listing of, and permission to deal in, the OMG Shares in issue and to be issued under the Share Offer on the Main Board of the Stock Exchange.

It is noted that 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. 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 finalised. In connection with the Spin-off, it is proposed that, subject to certain conditions, Qualifying Shareholders are invited to participate in the Share Offer at the Offer Price on an assured basis under the Preferential Offering.

Reasons and benefits

The OMG Group aims to be the dominant Chinese-language media group in Hong Kong and the PRC lifestyle magazine sectors by providing high quality contents to readers and a cross selling platform to advertisers. Under this objective, the Directors consider that the Spin-off will enable the Remaining Group and the OMG Group to have separate identities and financing sources, which will reflect the different business models, corporate missions, editorial directions, geographical markets and revenue streams of these businesses.

It is noted that *Ming Pao Daily News*, as the major newspaper of the Group, publishes local and international general news and editorials, which mainly relate to social and cultural issues and current affairs. In addition, the Directors consider that *Ming Pao Daily News* is positioned for well-educated Chinese mainly in Hong Kong and North America, and primarily appeals for advertisements from property development companies, educational institutions, banking and financial institutions, travel agencies and companies posting classified advertisements.

The Directors are of the view that the Magazines published and/or operated by the OMG Group have little or no political or news driven contents. In this regard, the Magazines have no editorial opinion and are relatively apolitical. It is noted that lifestyle and entertainment contents in the Magazines mainly relate to aspects of entertainment, fashion, consumer electronics and other domestic consumption sectors, which are not considered as primary focus for the readers of *Ming Pao Daily News*. The Directors consider that 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. In addition, the Directors consider that most of the advertisements in the Magazines are renowned consumer brand name products.

As stated in the sub-section headed “Intended use of proceeds” under the section headed “The Spin-off” in the Letter from the Board of the Circular, 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 acquisition 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*. It is also noted that the OMG Group is 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.

Furthermore, the Directors expect that the Spin-off could also enhance the profile of OMG and the decision-making process for the OMG Group and the Remaining Group.

Based on the above, we consider that the Spin-off will enable the Remaining Group and the OMG Group to focus on their respective development and to finance their respective existing operations and future operations.

2. Effects of the Spin-off on the Group

Effect on the net tangible asset value of the Group

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. Based on the assumptions that (i) the Share Offer was completed on 31 March 2005; (ii) the Over-allotment Option, the VLI Call Option, the AMC Call Option and options under the Share Option Schemes were not exercised; and (iii) the anticipated net proceeds from the Share Offer would amount to HK\$85.0 million (subject to adjustments at a time closer to the Listing Date taking into account of the then market conditions), the pro forma adjusted consolidated net tangible asset value of the Group as at 31 March 2005 would increase by approximately HK\$35.1 million to approximately HK\$646.6 million, representing an increase of approximately 5.7%. Details of the pro forma financial effect on the net

tangible asset value of the Group resulting from the Spin-off are set out in the section headed “Unaudited pro forma adjusted consolidated net tangible assets” in Appendix I to the Circular.

OMG will remain an indirect subsidiary of the Group upon completion of the Spin-off and the Share Offer, and the financial position of the OMG Group will continue to be consolidated into the accounts of the Group. Immediately following the Share Offer, the consolidated net tangible asset value of the Group would be increased as a result of the issue of OMG Shares at a price over the Group’s attributable interest in the net tangible asset of the OMG Group. On this basis, we are of the view that the Group will benefit from the improvement in its net tangible asset value resulting from the Spin-off.

Effect on the earnings of the Group

For the year ended 31 March 2005, the audited consolidated net profit of the Group was approximately HK\$40.2 million (representing approximately HK\$0.10 per Share). For the year ended 31 March 2005, the audited combined net profit of the OMG Group attributable to the Group was approximately HK\$14.2 million (representing approximately HK\$0.04 per Share). As stated in the section headed “Unaudited pro forma profit and unaudited pro forma basic earnings per share” in Appendix I to the Circular, it is estimated that the Group would record a gain of approximately HK\$36.1 million on deemed disposal of its interests in OMG based on the assumptions that (i) the Share Offer was completed on 1 April 2004, (ii) the Over-allotment Option, the VLI Call Option, the AMC Call Option and options under the Share Option Schemes were not exercised; and (iii) the anticipated net proceeds from the Share Offer would amount to approximately HK\$85.0 million (subject to adjustments at a time closer to the Listing Date taking into account of the then market conditions). Accordingly, it is estimated that the pro forma profit of the Group attributable to Shareholders would increase by approximately HK\$32.0 million (including an adjustment of approximately HK\$4.1 million resulting from the decrease of the Company’s interest in the OMG Group for the financial year ended 31 March 2005) to approximately HK\$72.2 million (representing approximately HK\$0.18 per Share) for the year ended 31 March 2005 on the same bases.

It is further noted that such increase in the pro forma net profit of the Group attributable to Shareholders is attributable to a one-off gain on deemed disposal of interests in OMG. This gain shall be reflected in the profit and loss account of the Group for the year ending 31 March 2006 if the Share Offer takes place therein. It should be noted that this gain is non-recurring in nature and is calculated by reference to the financial position of the OMG Group at the time of completion of the Share Offer. If not taking into account the gain on deemed disposal of interests in OMG, based on the above-mentioned assumptions, the pro forma net profit of the OMG Group attributable to the Group for the year ended 31 March 2005 should be decreased by 25% from approximately HK\$14.2 million to approximately HK\$10.1 million, representing a decrease of approximately HK\$4.1 million. Details of the financial effect on the earnings of the Group resulting from the Spin-off are set out in the section headed “Unaudited pro forma profit and unaudited pro forma basic earnings per share” in Appendix I to the Circular. In view of the reasons and benefits of the Spin-off as discussed above and the fact that the Group would benefit from an exceptional gain on deemed disposal of interests in OMG upon completion of the Share Offer, we consider that this decrease in the net profit of the OMG Group attributable to the Group is acceptable.

Effect on working capital and gearing of the Group

It is noted that the net proceeds of the Share Offer (assuming the Over-allotment Option is not exercised) are anticipated to be approximately HK\$85.0 million (subject to adjustments at a time closer to the Listing Date taking into account of the then market conditions). The audited consolidated bank and cash balance and bank borrowings of the Group as at 31 March 2005 were approximately HK\$190.2 million and approximately HK\$57.8 million respectively. On this basis, the Group's gearing (net bank borrowings divided by shareholders' equity) had a net cash position. In view of the fact that fresh capital will be raised from the Share Offer and OMG will remain an indirect subsidiary of the Group upon completion of the Share Offer, we are of the view that the working capital position and gearing of the Group would be further improved as a result of the Share Offer, which is in the interests of the Company and the Shareholders as a whole.

Business of the Group

For the year ended 31 March 2005, the audited combined net profit after taxation of the OMG Group attributable to the Group was approximately HK\$14.2 million, representing approximately 35.3% of the net profit of the Group in that year. As at 31 March 2005, the audited combined net tangible asset value of the OMG Group attributable to the Group was approximately HK\$12.4 million, representing approximately 2.0% of the net tangible asset value of the Group at that time. The Directors advise that other than the lifestyle magazine business, the Group's business still covers the Newspapers and Related Business, publication business and travel business. In view of the above, we consider that the Remaining Group remains to have a substantial and viable business after the Spin-off.

It is noted that 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 their 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 a 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, subject to certain conditions precedent. Further details of the non-competition undertakings given by the Company and Redgate Media in favour of OMG are set out in the sub-section headed "Non-competition undertakings" under the section headed "Relationship between the Remaining Group, the Redgate Group and the OMG Group" in the Letter from the Board of the Circular.

The Directors advise that the contents of the publications of the Newspapers and Related Business of the Remaining Group are basically different from those of the lifestyle magazine business of the OMG Group. The Directors also confirm that the principal business operations of the OMG Group (including sales, editorial and publication) are managed by employees of the OMG Group and functioned independently from the Remaining Group. Furthermore, it should be noted that OMG will remain an indirect subsidiary of the Group and the Group can continue to share the growth and results of the business of the OMG Group. In view of the above, we are of the view that the non-competition undertakings given by the Company in favour of OMG would not adversely affect the Remaining Group.

The board of directors of OMG comprises eight directors, three of whom are also directors of the Company. This includes one independent non-executive director of the Company who is also an independent non-executive director of OMG. Taking into account the Group's approximately 44.325% beneficial interest in the OMG Group upon completion of the Share Offer (assuming the Reorganisation has been carried out and the VLI Call Option and the AMC Call Option have been exercised), we consider that the board composition of OMG reflects the interest of the Group in OMG.

The members of the Remaining Group have entered into and will continue to carry out the Continuing Connected Transactions with the members of the OMG Group after the listing of the OMG Shares on the Stock Exchange. The Directors confirm that the 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. The Directors consider that the Continuing Connected Transactions are in the interest of the Shareholders as a whole. It is noted that the Continuing Connected Transactions mainly relate to trademark and content licensing, circulation support, editorial support, library services and administrative services. Details of the Continuing Connected Transactions were set out in the sub-section headed "Continuing Connected Transactions between the Remaining Group and the OMG Group" under the section headed "Relationship between the Remaining Group, the Redgate Group and the OMG Group" in the Letter from the Board of the Circular.

Tax and litigation indemnities

As stated in the sub-section headed "Tax and litigation indemnities" under the section headed "Relationship between the Remaining Group, the Redgate Group and the OMG Group" in the Letter from the Board of the Circular, 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; and (ii) tax in the ordinary course of business thereafter; and (iii) tax retrospectively imposed. In view of the above, we consider that the indemnities given to OMG by the Company and/or Winmax in connection with the Spin-off is acceptable.

Supplemental Licensing Agreements

It is noted that the Supplemental Licensing Agreements, which include the CCW Supplemental Licensing Agreement, the HTW Supplemental Licensing Agreement and the MPW Supplemental Licensing Agreement, are proposed to be entered into between members of the Remaining Group and members of the OMG Group for the main purpose of the Spin-off. Pursuant to the Supplemental Licensing Agreements, the expiry date of each of the CCW Licensing Agreement, the HTW Licensing Agreement and the MPW Licensing Agreement will be extended from 31 March 2007 to 31 March 2025. Upon expiry of the Supplemental Licensing Agreements on 31 March 2025, the term of the Licensing Agreements will automatically be extended for periods of three years 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. Details of the Supplemental Licensing Agreements are set out in the section headed "The Supplemental Licensing Agreements" in the Letter from the Board of the Circular. The Directors consider that it is normal business practice for agreements of this nature to be of such duration. The Directors advise that 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 long duration.

It is noted that the duration of the Licensing Agreements exceeds the three-year terms as provided in Rule 14A.35(1) of the Listing Rules. The Directors advise that over 70% of the OMG Group's total revenue in the three years ended 31 March 2005 was attributable to sale of advertisement space in the Magazines, and that the Licensing Agreements aim to enable the OMG Group to operate the HK Magazines. As we are not aware of any recent public market disclosure on magazine licensing arrangements comparable to the Licensing Agreements, to assess the reasonableness of the duration of the Licensing Agreements as amended by the Supplemental Licensing Agreements, we have reviewed two transactions made by Beijing Media Corporation Limited ("Beijing Media") on 7 December 2004 and SEEC Media Group Limited ("SEEC Media") on 30 December 2004 respectively, which relate to selling advertising space in paper media in the PRC. A summary of these two transactions is set out below for reference:

Date	Company	Details of the transaction	Duration
Dec 2004	Beijing Media (stock code: 1000) (note 1)	For the purpose of listing, Beijing Youth Daily Newspaper Agency ("BYD") granted Beijing Media an exclusive right to operate the business of selling advertising space in newspapers of BYD, namely <i>Beijing Youth Daily</i> , <i>Beijing Children's Weekly</i> , <i>Middleschool Times</i> and <i>Beijing Today</i> ("BYD Papers"). The term of such exclusive right covers a period of 30 years from 1 October 2003 to 30 September 2033 which duration will be automatically extended upon expiry. In consideration, Beijing Media will (a) be responsible for the printing, including the printing cost and choice of newsprint, of the BYD Papers, (b) pay BYD a fee representing	30 years (with a clause to extend automatically upon expiry)

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Date	Company	Details of the transaction	Duration
		16.5% of the total advertising revenue generated from the BYD Papers or such figure or formula as the parties may agree in the future and (c) allocate up to 360 pages per year of advertising space in respect of each of the BYD Papers to BYD for publicity announcements and notices (provided that the advertising space allocated will not exceed 9% of the total advertising space of each paper per issue), for which no fee will be payable. The fee payable by Beijing Media to BYD will be settled on a monthly basis.	
Dec 2004	SEEC Media (stock code: 205) (<i>note 2</i>)	On 7 November 2004, SEEC Media disposed of a subsidiary, which held a long-term exclusive advertising publication right in China Business Post. For internal reorganization to facilitate such disposal, on 30 December 2004, SEEC Media through Beijing Caixun Advertising Co., Ltd. ("Beijing Caixun") entered into an agreement with Beijing Panpac Advertising Company Limited ("Beijing Panpac") and Inner Mongolia Lianban Caijing Information Research Centre ("LCIRC"), whereby Beijing Caixun agreed to surrender the exclusive advertising publication right in China Business Post currently held by it, and LCIRC (as the sponsoring unit of China Business Post) agreed to grant Beijing Panpac an exclusive advertising publication right in China Business Post for a term of 20 years with a right of first refusal to further renew such term for another 20 years upon the expiry of the first-mentioned 20-year term.	20 years (with a right of first refusal to further renew such term for another 20 years)

Notes:

1. Beijing Media is a PRC media company principally engaged in the sale of advertising space, production of newspapers and trading of print-related materials. Details of the above-mentioned transaction are extracted from the prospectus of Beijing Media dated 13 December 2004.
2. SEEC Media through its subsidiaries is mainly engaged in the provision of advertising agency services in the PRC. As stated in the 2004 annual report of SEEC Media, SEEC Media's business coverage includes New Real Estate, New House, Successful Marketing, Caijing Magazine and Securities Market Weekly. Details of the above-mentioned transaction are extracted from the announcement of SEEC Media dated 8 November 2004, the circular of SEEC Media dated 13 January 2005 and the 2004 annual report of SEEC Media.

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To expand our research scope to cover similar arrangements by non-paper media companies, we have also reviewed four transactions in relation to trademark licensing and selling advertising space other than paper media, details of which are set out below:

Date	Company	Details of the transaction	Duration
7 June 2002	Media Partners International Holdings Inc. (“Media Partners”) (stock code: 8072)	On 7 June 2002, Chengdu Advertising MPI, a subsidiary of Media Partners, entered into the advertising agency agreement with a bus operator in Chengdu to (a) introduce advertisers to advertise on the bodies of the bus run by the bus operator, and (b) provide management services to the bus operator. In return, Chengdu Advertising MPI could retain 15% of the amount received by it for the placement of advertisement on the bus bodies as the advertising agency services fee (<i>note 1</i>)	27 years
8 November 2002 (supplemented on 20 August 2003)	Nanjing Dahe Outdoor Media Co., Ltd. (“Nanjing Dahe”) (stock code: 8243)	On 8 November 2002, the parent company of Nanjing Dahe granted a non-exclusive right to Nanjing Dahe, its subsidiaries and associated companies at nil consideration to use 2 trademarks registered under the name of the parent company of Nanjing Dahe for general business operation purpose (<i>note 2</i>)	17 years–18 years (including the renewal term of 10 years each)
26 December 2003	MediaNation Inc. (“MediaNation”) (stock code: 8160)	On 26 December 2003, Beijing Joint Venture, a subsidiary of MediaNation, entered into an exclusive advertising agreement to obtain exclusive whole bus advertising rights for 278 buses of Shanghai Bus & Electric Bus Company at an annual fixed concession fee of approximately HK\$9.4 million (<i>note 3</i>)	10 years
6 August 2004	Clear Media Limited (“Clear Media”) (stock code: 100)	On 6 August 2004, WHA Joint Venture, a non-wholly owned subsidiary of Clear Media, acquired exclusive right from Beijing Public Transportation Co., Ltd. to rent, manage and sell advertising space on approximately 3,000 advertising panels at the bus shelters in Beijing. In consideration, WHA Joint Venture paid a total consideration of approximately HK\$138,688,000 for the concession rights for the advertising panels (<i>note 4</i>)	10 years

Notes:

1. *Source:* Circular of Media Partners dated 26 June 2002.
2. *Source:* Prospectus of Nanjing Dahe dated 31 October 2003
3. *Source:* Announcement of MediaNation dated 2 January 2004
4. *Source:* Circular of Clear Media dated 24 August 2004

It is noted that without taking into account the clause of renewal or extension, the duration for the above agreements in relation to Beijing Media and SEEC Media is reported to last for 30 years and 20 years respectively. In particular, the agreement in relation to Beijing Media is made for the purpose of the listing of Beijing Media. In addition, it is noted that the duration of the agreements in relation to trademark licensing and selling advertising space in media other than paper media has a range from 10 years to 27 years. We therefore consider that the extension of the expiry date of the Licensing Agreements from 31 March 2007 to 31 March 2025 as amended by the Supplemental Licensing Agreements is reasonable. Based on the above, we consider that it is of normal business practice for agreements of this nature to be of such duration.

3. Effect of the Share Offer on the Shareholders

(i) *Preferential Offering*

Under paragraph 3(f) of Practice Note 15 of the Listing Rules, the Shareholders should be offered an assured entitlement to OMG Shares, either by way of a distribution in specie of existing OMG Shares or by way of preferred application in any offering of existing or new OMG Shares. In this regard, it is proposed that, subject to the Stock Exchange granting 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.

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 the 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).

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). Further details on the Preferential Offering are set out in the section headed “Preferential Offering” in the Letter from the Board of the Circular.

(ii) Dilutive effect

The table below sets out the dilutive effect of the Share Offer on Winmax's beneficial shareholding interests in OMG based on the current expected structure of the Share Offer:

Beneficial Shareholding interest of Winmax in the share capital of OMG as enlarged by the Share Offer and the OMG Shares to be issued upon exercise of the VLI Call Option and the AMC Call Option	
Before the Share Offer	100%
Immediately after the Share Offer (assuming the Over-allotment Option is not exercised)	73.88%

Note: The above table does not take into account exercise of any options granted or to be granted under the Share Option Schemes.

After taking into account the fact that Winmax is an indirect 60%-owned subsidiary of the Company, the Company's beneficial shareholding interests in OMG will be diluted from 60% to approximately 44.325% immediately after the Share Offer (assuming the Over-allotment Option and options under the Share Option Schemes were not exercised). Starsome, a wholly-owned subsidiary of the Company, will have 60% shareholding interests in Winmax, which in turn will have approximately 73.88% shareholding interests in OMG. Accordingly, OMG will remain a subsidiary of the Company upon completion of the Share Offer, and the financial results of the OMG Group will still be consolidated into the accounts of the Group.

We are of the view that such dilution, albeit not immaterial, would be acceptable to the Shareholders taking into account the benefits and effects of the Spin-off on the Group as discussed above.

4. Conditions of the Share Offer

The Spin-off and the Share Offer 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. Details of the conditions are set out in the sub-section headed “Conditions” under the section headed “The Spin-off” in the Letter from the Board of the Circular.

RECOMMENDATION

Having taken into account the principal factors and reasons as set out above, we are of the view that the Spin-off is fair and reasonable so far as the Shareholders are concerned and that the Spin-off is in the interests of the Company and its Shareholders as a whole. Accordingly, we would recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Spin-off.

Yours faithfully,
For and on behalf of
BCOM Securities Company Limited
Steve Wong
Director

For illustrative purposes only, unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out here to illustrate the effect of the Share Offer on (i) the net tangible assets of the Group as if it had taken place on 31 March 2005; and (ii) the profit of the Group attributable to the Shareholders and the basic earnings per Share for the year ended 31 March 2005 as if it had taken place on 1 April 2004.

The unaudited pro forma financial information has been prepared for illustrative purposes only, and because of its nature, may not give a true picture of the actual financial position of the Group as at 31 March 2005 or at any future date.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of the Group's unaudited pro forma adjusted consolidated net tangible assets is based on the audited consolidated net tangible assets of the Group as at 31 March 2005 as shown in the audited consolidated accounts of the Group for the year ended 31 March 2005, adjusted as if the Share Offer was completed on 31 March 2005 and as described below.

	Audited consolidated net tangible assets of the Group (in HK\$ millions)	Increase in the consolidated net tangible assets of the Group arising from the Share Offer (in HK\$ millions) (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group (in HK\$ millions)	Unaudited pro forma adjusted consolidated net tangible assets per Share (in HK\$) (Note 3)
Based on net proceeds from the Share Offer of HK\$85 million (Note 1)	611.5	35.1	646.6	1.64

Notes:

1. The anticipated net proceeds to be raised from the Share Offer will be subject to adjustments at a time closer to the Listing Date, taking into account the then conditions of the market. There is no assurance that the final net proceeds will remain the same.
2. The increase in the unaudited pro forma adjusted consolidated net tangible assets of the Group arising from the Share Offer is calculated based on the following assumptions:
 - a. The calculation does not take into account any OMG Shares which may fall to be issued upon exercise of the Over-allotment Option, the options which may be granted under the Share Option Schemes, the AMC Call Option and the VLI Call Option.
 - b. The net tangible assets of the Group increases by the net proceeds of the Share Offer received by OMG, and are adjusted for the dilution arising from the disposal of interest in OMG as a result of the Share Offer.
3. The unaudited pro forma adjusted consolidated net tangible assets per Share is based on 394,431,000 Shares in issue as at 31 March 2005.

B. UNAUDITED PRO FORMA PROFIT AND UNAUDITED PRO FORMA BASIC EARNINGS PER SHARE

The following pro forma analysis of the profit of the Group attributable to Shareholders and the earnings per Share is based on the profit of the Group attributable to Shareholders for the year ended 31 March 2005, as shown in the audited consolidated accounts of the Group for the year ended 31 March 2005, adjusted as described below. The pro forma analysis is prepared on the assumption that the Share Offer was completed at the beginning of the financial year ended 31 March 2005.

The following table sets out the results of the illustrative pro forma analysis in respect of the financial year ended 31 March 2005:

Audited profit of the Group attributable to Shareholders <i>(in HK\$ millions)</i>	Adjustment¹ <i>(in HK\$ millions)</i>	Adjustment² <i>(in HK\$ millions)</i>	Unaudited pro forma profit of the Group attributable to Shareholders <i>(in HK\$ millions)</i>
<u>40.2</u>	<u>36.1</u>	<u>(4.1)</u>	<u>72.2</u>
Audited basic earnings per Share <i>(in HK cents)</i> <i>(Note)</i>			Unaudited pro forma basic earnings per Share <i>(in HK cents)</i> <i>(Note)</i>
<u>10.2</u>			<u>18.3</u>

1. This adjustment represents the profit arising from the deemed partial disposal of OMG by the Company in relation to the Share Offer as if the Share Offer was completed at the beginning of the financial year ended 31 March 2005. This adjustment has no continuing effect on the Company.

2. This adjustment represents the decrease in the profit of the Group attributable to the Shareholders due to the decrease of interest in OMG as a result of the Share Offer. The Over-allotment Option, the options which may be granted under the Share Option Schemes, the AMC Call Option and the VLI Call Option have not been taken into account.

Note: The basic earnings per Share figures are calculated based on the weighted average number of 395,924,441 Shares in issue during the financial year ended 31 March 2005.

C. LETTER FROM THE AUDITORS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the auditors, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong for the purpose of incorporation in this circular. As there is no specific guidance on the reporting on pro forma financial information under the Auditing Guidelines issued by the Hong Kong Institute of Certified Public Accountants, this report is prepared with reference to the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in United Kingdom.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

9 September 2005

The Directors
Ming Pao Enterprise Corporation Limited

Dear Sirs

We report on the unaudited pro forma financial information of Ming Pao Enterprise Corporation Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages 49 and 50 under the headings of “Unaudited pro forma adjusted consolidated net tangible assets” and “Unaudited pro forma profit and unaudited pro forma basic earnings per share” in Appendix I of the Company’s circular dated 9 September 2005 in connection with the dilution of interest in a subsidiary of the Company in relation to the spin-off of One Media Group Limited on the Main Board of The Stock Exchange of Hong Kong Limited. The unaudited pro forma financial information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the spin-off might have affected the relevant financial information of the Group as at 31 March 2005 and for the year then ended.

RESPONSIBILITIES

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work with reference to the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom, where applicable. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company.

Our work does not constitute an audit or review in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, we do not express any such assurance on the unaudited pro forma financial information.

The unaudited pro forma financial information has been prepared on the bases set out on pages 49 and 50 for illustrative purpose only and, because of its nature, it may not be indicative of:

- the financial position of the Group at any future date, or
- the results and the earnings per share of the Group for any future periods.

OPINION

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group, and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29 of the Listing Rules.

Yours faithfully
PricewaterhouseCoopers
Certified public accountants
Hong Kong

This Appendix summarises the principal terms of the Share Option Schemes and does not form, nor is intended to be, part of the Share Option Schemes nor should it be taken as affecting the interpretation of the rules of the Share Option Schemes.

1. PRE-IPO SCHEME

The principal terms of the Pre-IPO Scheme proposed to be approved and adopted by ordinary resolutions of the Shareholders at the SGM and shareholders of OMG are substantially the same as the terms of the Post-IPO Scheme set out in “2. Post-IPO Scheme” below except for the following principal terms:

- (a) the subscription price per OMG Share shall be the Offer Price; and
- (b) no options will be offered or granted upon the commencement of dealings in the OMG Shares on the Stock Exchange.

Application has been made to the Listing Committee for the approval of the listing of, and permission to deal in, the OMG Shares to be issued pursuant to the exercise of the options to be conditionally granted under the Pre-IPO Scheme.

2. POST-IPO SCHEME

The following is a summary of all the principal terms of the Post-IPO Scheme proposed to be approved and adopted by ordinary resolutions of the Shareholders at the SGM and shareholders of OMG.

A. Purposes of the Post-IPO Scheme

The purposes of the Post-IPO Scheme are to encourage Employees (as defined in paragraph B below) to work towards enhancing the value of OMG and its shares for the benefit of OMG and its shareholders as a whole, and to motivate them to achieve higher levels of good corporate governance.

B. Who may join

The board of OMG may, at its absolute discretion, offer any full time employee, executive and non-executive directors (including independent non-executive directors) of the OMG Group or the Group (for so long as OMG remains a subsidiary of the Company) (the “**Employee**”) options to subscribe for OMG Shares at a price calculated in accordance with paragraph D below and subject to the other terms of the Post-IPO Scheme summarized below. Upon acceptance of the offer of an option, the grantee shall pay HK\$1.00 to OMG as nominal consideration for the grant.

C. Maximum number of Shares

- (a) The maximum number of OMG Shares in respect of which options may be granted under the Post-IPO Scheme (the “**Maximum Number**”) when aggregated with the maximum number of OMG Shares in respect of any options to be granted under any other share option schemes established by OMG (“**another scheme**”) (if any) is that

number which is equal to 10% of the issued share capital of OMG immediately following the commencement of dealings in the OMG Shares on the Stock Exchange, provided, however, that:

- (i) the Maximum Number of OMG Shares may be increased or “refreshed” with the approval of the shareholders of OMG and the Shareholders (for so long as OMG remains its subsidiary within the definition in the Listing Rules) in general meeting, up to a maximum of 10% of the issued share capital of OMG at the date of such shareholders’ approval, inclusive of the maximum number of OMG Shares in respect of any options to be granted under another scheme, if any;
 - (ii) OMG may obtain a separate approval from its shareholders in general meeting and from the shareholders of the Company in general meeting (for so long as OMG remains its subsidiary within the definition in the Listing Rules) to permit the granting of options which will result in the number of OMG Shares in respect of all the options granted under the Post-IPO Scheme exceeding the then Maximum Number of OMG Shares provided that such options are granted only to Employees specifically identified by OMG before shareholders’ approval is sought (in which case such options granted shall not be counted towards the then applicable Maximum Number of OMG Shares); and
 - (iii) the total maximum number of OMG Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Scheme and any other options granted and yet to be exercised under another scheme shall not exceed 30% of the issued share capital of OMG from time to time.
- (b) Unless approved by the shareholders of OMG and Shareholders (for so long as OMG remains its subsidiary within the definition in the Listing Rules) in general meeting (with the relevant Employee and his associates abstaining from voting), no Employee shall be granted an option if the total number of OMG Shares issued and to be issued upon exercise of the options granted and to be granted to such Employee in any 12-month period up to the date of the latest grant would exceed 1% of the issued share capital of OMG from time to time.

D. Subscription price

The amount payable for each OMG Share to be subscribed for under an option in the event of the option being exercised in accordance with the terms of the Post-IPO Scheme shall be determined by the board of OMG and notified to an Employee at the time of offer of the option and shall be the highest of (subject to any adjustments made as described in paragraph K below):

- (a) the closing price of the OMG Shares as stated in the Stock Exchange’s daily quotations sheet on the date, which must be a business day, of the written offer of the option (the “**Offer Date**”);

- (b) the average closing price of the OMG Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the Offer Date; and
- (c) the nominal value of the OMG Shares.

E. Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option.

F. Options granted to directors or substantial shareholders

Any option to be granted to an Employee who is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of OMG or any of their respective associates shall be approved by the independent non-executive directors of OMG and of the Company (for so long as OMG remains its subsidiary within the definition in the Listing Rules), other than the independent non-executive director who is the proposed grantee of such option (if applicable).

Where any grant of options to a substantial shareholder or an independent non-executive director of OMG, or any of their respective associates, would result in the OMG Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the OMG Shares in issue; and (b) having an aggregate value, based on the closing price of the OMG Shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by the shareholders of OMG and the shareholders of the Company (for so long as OMG remains its subsidiary within the definition in the Listing Rules). OMG and the Company shall send a circular to their respective shareholders. All connected persons of OMG and the Company must abstain from voting in favour at such general meetings.

G. Grant of option

An offer of the grant of an option shall be by letter, specifying the number of OMG Shares, the subscription price, the option period in respect of which the offer is made, the date by which the option must be applied for and further requiring the Employee to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Scheme.

The directors of OMG shall not offer the grant of any option to any Employee after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published or disclosed in accordance with the requirements of the Listing Rules. In particular, no option may be offered during the period commencing one month immediately preceding the earlier of:

- (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of OMG's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for OMG to publish its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

H. Exercise of option

No performance targets need to be achieved before an option can be exercised except as otherwise imposed by the board of OMG and stated in the relevant offer letter.

An option may be exercised in accordance with the terms of the Post-IPO Scheme at any time during a period to be notified by the board of OMG to each grantee (subject to any vesting schedule, if applicable), such period not to exceed 10 years from the Offer Date (“**Option Period**”).

I. Cancellation of options

Any cancellation of any subsisting options shall be subject to the approval by the board of OMG.

In the event that options are to be cancelled and new options issued to the same grantee, the issue of such new options shall be made with available unissued options (excluding the cancelled options) within the limits described in paragraph C above.

J. Voting and dividend rights

No voting rights shall be exercisable and no dividends shall be payable in relation to options that have not been exercised.

K. Effects of alterations in the capital structure of OMG

In the event of any alteration in the capital structure of OMG whilst any option remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of OMG in accordance with applicable laws and regulatory requirements (other than an issue of OMG Shares as consideration in respect of a transaction to which OMG is a party), such corresponding adjustments (if any) shall be made to the number or nominal amount of OMG Shares in respect of which options may be granted subject to outstanding options so far as unexercised; and/or the aggregate number of OMG Shares subject

to outstanding options; and/or the subscription price per OMG Share of each outstanding option, as the auditors of OMG or an independent financial adviser shall confirm in writing to the board of OMG that the adjustments satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules or otherwise comply with the Listing Rules or other rules, practices or directions of the Stock Exchange in effect from time to time (other than any adjustment made on a capitalisation issue, in which case such adjustment shall be made as the board of OMG shall consider to be in its opinion fair and reasonable). Subject to the foregoing, any such adjustments will be made on the basis that the proportion of the issued share capital of OMG to which a grantee is entitled after such adjustment shall remain as nearly as possible the same as but no greater than that to which he/she was entitled before such adjustment, and no such adjustment will be made the effect of which would be to enable any OMG Share to be issued at less than its nominal value or to increase the proportion of the issued share capital of OMG for which any grantee would have been entitled to subscribe had he/she exercised all the options held by him/her immediately prior to such adjustments.

L. Rights on a general offer

If a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of OMG Shares, OMG shall use its best endeavours to procure that such offer is extended to all the grantees (on the same terms *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of OMG). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the grantee shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

M. Rights on schemes of compromise or arrangement

If, pursuant to the Companies Law of the Cayman Islands, a compromise or arrangement between OMG and its shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of OMG or its amalgamation with any other company or companies, OMG shall give notice thereof to all grantees on the same date as it despatches to each shareholder or creditor of OMG a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee shall be entitled to exercise all or any of his/her options in whole or in part at any time prior to 12:00 noon on the day immediately preceding the date of the meeting directed to be convened by the court for the purposes of considering such compromise or arrangement. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine.

N. Rights on a voluntary winding up

In the event of an effective resolution being passed for the voluntary winding-up of OMG or an order of the court is made for the winding-up of OMG, OMG shall give notice thereof (“**winding-up notice**”) to all grantees on the same day as such resolution is passed or order is made. The grantee may by notice in writing to OMG within 21 days after the date of the winding-up notice elect to be treated as if the option (to the extent not already exercised) had been exercised immediately before the passing of such resolution either to its full extent or to

the extent specified in the grantee's notice, such notice to be accompanied by a remittance for the full amount of the aggregate subscription price for the OMG Shares in respect of which the notice is given, whereupon the grantee will be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of OMG Shares such sum as would have been received in respect of the OMG Shares the subject of such election.

O. Ranking of Shares

Shares to be allotted upon the exercise of an option shall rank equally in all respects with fully paid up OMG Shares in issue at the date of allotment and will be subject to the articles of association of OMG for the time being in force. A share issued upon the exercise of an option shall not carry voting rights until the registration of the grantee (or any other person) as the holder thereof.

P. Conditions

The Post-IPO Scheme shall take effect subject to the following conditions being fulfilled:

- (i) the Listing Committee granting approval of the listing of, and permission to deal in, the OMG Shares which may be issued pursuant to the exercise of the options; and
- (ii) the commencement of dealings in the OMG Shares on the Stock Exchange,

in each case, on or before 30 days after the date of the Prospectus.

Q. Duration of the Post-IPO Scheme

Unless otherwise terminated by the board of OMG or the shareholders of OMG in general meeting in accordance with the terms of the Post-IPO Scheme, the Post-IPO Scheme shall be valid and effective for a period of 10 years from the date on which it is conditionally adopted by resolution of the shareholders of OMG and shareholders of the Company in general meeting (the “**Scheme Period**”), and after which no further options will be granted or offered but the provisions of the Post-IPO Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted within the Scheme Period or otherwise as may be required in accordance with the provisions of the Post-IPO Scheme.

R. Amendment of the Post-IPO Scheme

- (a) Subject to sub-paragraphs (b) to (d) below, the board of OMG may amend any of the provisions of the Post-IPO Scheme at any time.
- (b) No alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the shareholders of OMG under the articles of association of OMG for the time being for a variation of the rights attached to the OMG Shares. The provisions of the Post-IPO Scheme relating to the following matters cannot be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of the

shareholders of OMG and shareholders of the Company (for so long as OMG remains the Company's subsidiary within the definition in the Listing Rules) in general meeting:

- the purpose of the Post-IPO Scheme;
 - the participants;
 - the authority of the board of OMG in relation to any alteration to the terms of the Post-IPO Scheme;
 - the limitations on the number of OMG Shares which may be issued under the Post-IPO Scheme;
 - the individual limit for each grantee under the Post-IPO Scheme;
 - the determination of the amount payable for each OMG Share to be subscribed for under an option;
 - any rights attaching to the options and the OMG Shares;
 - the terms of the granted options;
 - the rights of grantees in the event of a capitalization issue, rights issue, subdivision or consolidation of shares or reduction or any other variation of capital of OMG;
 - the provisions under the Post-IPO Scheme as described in paragraph H above; and
 - any matters set out in rule 17.03 of the Listing Rules as amended from time to time.
- (c) Any alterations to the terms and conditions of the Post-IPO Scheme of a material nature or any change to the terms of the options granted shall be subject to the approval of the shareholders of OMG and shareholders of the Company (for so long as OMG remains its subsidiary within the definition in the Listing Rules), save where such alterations take effect automatically under the existing terms of the Post-IPO Scheme.
- (d) The amended terms of the Post-IPO Scheme shall comply with the relevant requirements of the Listing Rules.

S. Lapse of options

An option shall lapse automatically (to the extent not already exercised) on the earliest of the following events:

- (i) expiry of the Option Period;

- (ii) the grantee ceasing to be an Employee for any reason other than his/her death or the termination of his/her office or employment on any ground specified in subparagraph (vi) below;
- (iii) the first anniversary of the death of the grantee (and in the 12 months following such death, the personal representative may exercise the option (to the extent not already exercised) in whole or in part in accordance with the terms of the Post-IPO Scheme);
- (iv) the expiry of any of the periods referred to in paragraphs L, M and N above;
- (v) subject to the right as set out in paragraph N above, the date of the commencement of the winding-up of OMG;
- (vi) the date on which the grantee ceases to be an Employee on any one or more of the following grounds:
 - the grantee's misconduct;
 - the grantee being convicted of any criminal offence involving his/her integrity or honesty; or
 - any other grounds on which his/her employer would be entitled to summarily terminate his/her office or employment at common law or pursuant to any applicable laws or under his/her service contract;
- (vii) the date on which the grantee ceases to be an Employee on or after becoming bankrupt or insolvent or making any arrangements or composition with his/her creditors generally; or
- (viii) the date on which the grantee commits a breach of paragraph E above.

T. Termination

The board of OMG or the shareholders of OMG in general meeting may at any time terminate the Post-IPO Scheme and in such event, no further option shall be granted or offered but the provisions of the Post-IPO Scheme shall remain in force in all other respects. All options granted prior to such termination and not then exercised shall continue to be valid and exercisable in accordance with the terms of the Post-IPO Scheme.

U. Disclosure of the Post-IPO Scheme

OMG shall disclose all information as required by the Listing Rules or any other applicable rules and regulations in its annual and interim reports.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

(a) Interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in Shares

Name of Director	Number of Shares/underlying Shares held						Percentage of issued ordinary Shares as at the Latest Practicable Date
	Personal interests	Family interests	Corporate interests (Note 1)	Total interests in Shares	Interest in underlying Shares pursuant to share options (Note 2)	Aggregate interests	
Tan Sri Datuk TIONG Hiew King	150,000	—	252,487,700	252,637,700	600,000	253,237,700	64.30%
Dr. TIONG Ik King	—	—	252,487,700	252,487,700	600,000	253,087,700	64.26%
Mr. TIONG Kiu King	611,000	147,000	—	758,000	600,000	1,358,000	0.34%
Mr. TIONG Kiew Chiong	1,200,000	—	—	1,200,000	600,000	1,800,000	0.46%

Notes:

- (1) The corporate interests of Tan Sri Datuk TIONG Hiew King and Dr. TIONG Ik King in the Company were jointly held through Conch which held 252,487,700 shares of the Company. 40% of the interest in Conch was held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk TIONG Hiew King and Dr. TIONG Ik King. In addition, Tan Sri Datuk TIONG Hiew King and Dr. TIONG Ik King directly held 25% and 22% of the interest in Conch respectively. The remaining 13% of the interest in Conch was held by brothers and sons of Tan Sri Datuk TIONG Hiew King.
- (2) These represent share options granted by the Company to the relevant Directors under the share option scheme approved at a special general meeting of the Company held on 21 August 2001 to subscribe for Shares of the Company.

(ii) *Interests in share options granted by the Company*

Name of Director	Underlying Shares pursuant to the share options	Percentage of Shares issued at the Latest Practicable Date	Exercise price per Share HK\$	Date of grant	Exercisable period
Tan Sri Datuk TIONG Hiew King	300,000	0.076%	1.592	31/08/2001	01/09/2001–20/08/2011
Tan Sri Datuk TIONG Hiew King	300,000	0.076%	1.800	15/09/2003	16/09/2003–20/08/2011
Mr. TIONG Kiu King	300,000	0.076%	1.592	31/08/2001	01/09/2001–20/08/2011
Mr. TIONG Kiu King	300,000	0.076%	1.800	15/09/2003	16/09/2003–20/08/2011
Dr. TIONG Ik King	300,000	0.076%	1.592	31/08/2001	01/09/2001–20/08/2011
Dr. TIONG Ik King	300,000	0.076%	1.800	15/09/2003	16/09/2003–20/08/2011
Mr. TIONG Kiew Chiong	300,000	0.076%	1.592	31/08/2001	01/09/2001–20/08/2011
Mr. TIONG Kiew Chiong	300,000	0.076%	1.800	15/09/2003	16/09/2003–20/08/2011
	<u>2,400,000</u>	<u>0.608%</u>			

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company were interested, or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests in competing businesses

Tan Sri Datuk TIONG Hiew King and Dr. TIONG Ik King, Directors of the Company, held directorships in Sin Chew Media Corporation Bhd (“SCMC”) which is engaged in the business of newspaper publishing in Malaysia.

As the Board is independent of the board of SCMC, the Group operates its business independently of the business of SCMC.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor their respective associates had interests in any business which competes or is likely to compete, either directly or indirectly, with any business of the Group.

(c) Interests in assets of the Group

As at the Latest Practicable Date, none of the Directors nor their respective associates had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 March 2005, being the date to which the latest published audited consolidated financial statements of the Company were made up.

(d) Interests in service contracts of the Company

No Director has entered into or proposes to enter into any service contract with any member of the Group which does not expire or is not terminable within one year without payment of compensation (other than statutory compensation).

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Number of ordinary Shares held	Percentage of issued ordinary Shares as at the Latest Practicable Date
Conch (<i>Note 1</i>)	252,487,700	64.11%
Dr. Louis CHA (<i>Note 2</i>)	40,463,400	10.27%

All the interests stated above represent long positions in the shares of the Company.

Notes:

- (1) Conch owned 252,487,700 shares of the Company. 40% of the interest in Conch was held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk TIONG Hiew King and Dr. TIONG Ik King. In addition, Tan Sri Datuk TIONG Hiew King and Dr. TIONG Ik King directly held 25% and 22% of the interest in Conch respectively. The remaining 13% of the interest in Conch was held by brothers and sons of Tan Sri Datuk TIONG Hiew King.
- (2) Dr. Louis CHA beneficially owned 38,798,400 shares of the Company and Snowdrop Limited, a company wholly owned by Dr. Louis CHA, owned 1,665,000 shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than Directors and chief executive of the Company) who had, or were deemed to have, interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

According to Bye-Law 70 of the Company's Bye-Laws, a resolution put to the vote of a general meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the rules of the Stock Exchange or unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of such meeting; or
- (ii) by at least three Shareholders present in person or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person or by a duly authorized corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person or by a duly authorized corporate representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a Shareholder.

5. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company and/or its subsidiaries within the two years preceding the date of this circular and are or may be material:

- 1. the Magazine Service Agreement dated 1 February 2004 entered into between Ming Pao Newspapers Limited and OMH;
- 2. the Administrative Service Agreement dated 1 February 2004 entered into between Ming Pao Holdings Limited and OMH;
- 3. a joint venture agreement dated 11 January 2005 entered into between Media2U Company Limited and 北京時代潤誠廣告有限公司 (Beijing Times Resource Advertising Company Limited) in respect of the establishment and governance of 北京萬華共創廣告有限公司 (Beijing OMG M2U Advertising Company Limited);
- 4. the option deed dated 16 October 2003 entered into between Media2U Company Limited, JIN Yue, ZHU Delin and 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) in relation to the equity interests in 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.);
- 5. the loan agreement dated 16 October 2003 entered into between Media2U Company Limited, JIN Yue and ZHU Delin in relation to 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.);

6. the equity interest pledge agreement dated 16 October 2003 entered into between 展鵬共創媒體諮詢(北京)有限責任公司 (Media2U (Beijing) Company Ltd.), JIN Yue and ZHU Delin in relation to the equity interests in 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.);
7. the option deed dated 13 October 2003 entered into between Media2U Company Limited, JIN Yue, ZHU Delin and 北京時代潤誠廣告有限公司 (Beijing Times Resource Advertising Company Limited) in relation to the equity interests in 北京時代潤誠廣告有限公司 (Beijing Times Resource Advertising Company Limited);
8. the loan agreement dated 13 October 2003 entered into between Media2U Company Limited, JIN Yue and ZHU Delin in relation to 北京時代潤誠廣告有限公司 (Beijing Times Resource Advertising Company Limited);
9. the equity interest pledge agreement dated 4 November 2003 entered into between 展鵬共創媒體諮詢(北京)有限責任公司 (Media2U (Beijing) Company Ltd.), JIN Yue and ZHU Delin in relation to the equity interests in 北京時代潤誠廣告有限公司 (Beijing Times Resource Advertising Company Limited);
10. the supplemental equity interest pledge agreement relating to 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) dated 16 February 2004 entered into between 展鵬共創媒體諮詢(北京)有限責任公司 (Media2U (Beijing) Company Ltd.), JIN Yue and ZHU Delin, pursuant to which the equity interest pledge agreement referred to in item 6 above was supplemented and amended so that the equity interest was pledged for the purpose of securing the performance of JIN Yue and ZHU Delin of the loan agreement referred to in item 5 above and the performance of 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) of a consulting services agreement entered into between 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) and 展鵬共創媒體諮詢(北京)有限責任公司 (Media2U (Beijing) Company Ltd.) regarding the provision of consultancy services to 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) relating to the production, printing and distribution of the PRC Magazines;
11. the supplemental equity interest pledge agreement relating to 北京時代潤誠廣告有限公司 (Beijing Times Resource Advertising Company Limited) dated 16 February 2004 entered into between 展鵬共創媒體諮詢(北京)有限責任公司 (Media2U (Beijing) Company Ltd.), JIN Yue and ZHU Delin, pursuant to which the equity interest pledge agreement referred to in item 9 above was supplemented and amended so that the equity interest was pledged for the purpose of securing the performance of JIN Yue and ZHU Delin of the loan agreement referred to in item 8 above and the performance of 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) of a consulting services agreement entered into between 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) and 展鵬共創媒體諮詢(北京)有限責任公司 (Media2U (Beijing) Company Ltd.) regarding the provision of consultancy services to 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) relating to the production, printing and distribution of the PRC Magazines;

12. the supplemental option deed relating to 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) dated 2 April 2005 entered into between Media2U Company Limited, JIN Yue, ZHU Delin and 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.), pursuant to which the option deed referred to in item 4 above was supplemented and amended to reflect an increase of the registered capital of 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) from RMB330,000 to RMB2,000,000 and a change of the respective shareholdings of JIN Yue and ZHU Delin in 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.);
13. the supplemental agreement to the loan agreement relating to 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) dated 2 April 2005 entered into between Media2U Company Limited, JIN Yue and ZHU Delin, pursuant to which the aggregate principal amount of the loans under the loan agreement referred to in item 5 above was increased from RMB330,000 to RMB2,000,000;
14. the supplemental equity interest pledge agreement relating to 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) dated 2 April 2005 entered into between 展鵬共創媒體諮詢(北京)有限責任公司 (Media2U (Beijing) Company Ltd.), JIN Yue and ZHU Delin, pursuant to which the equity interest pledge agreement referred to in item 6 above was supplemented and amended to reflect an increase of the registered capital of 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.) from RMB330,000 to RMB2,000,000 and a change of the respective shareholdings of JIN Yue and ZHU Delin in 北京新時代潤誠科技諮詢有限公司 (Beijing Times Resource Technology Consulting Ltd.).
15. the Winmax Subscription Agreement dated 9 March 2004 entered into between Redgate Media, Winmax, the Company and Redgate (HK) (as amended by a supplemental agreement dated 11 March 2004) in relation to the subscription of the Winmax Shares by Redgate (HK) or its nominee(s);
16. the Winmax Option 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), particulars of which are set out in the paragraph headed “Media2U Profit Target Agreement and Winmax Option Agreement” contained in the Letter from the Board set out in this circular;
17. the Media2U Profit Target Agreement dated 9 March 2004 entered into between Starsome and Redgate (HK), particulars of which are set out in the paragraph headed “Media2U Profit Target Agreement and Winmax Option Agreement” contained in the Letter from the Board set out in this circular;
18. the Winmax Shareholders’ Agreement dated 9 March 2004 entered into between Winmax, Starsome and Redgate (HK) in relation to the governance of Winmax;
19. the VLI Option 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; and

20. the AMC Option 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.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and, so far as the Directors were aware, no litigation, arbitration or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

7. QUALIFICATIONS OF EXPERTS

The following are the qualifications of the experts who have given opinion or advice which is contained or referred to in this circular:

Name	Qualifications
BCOM	a corporation licensed to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO
PricewaterhouseCoopers	certified public accountants

8. EXPERTS' INTERESTS IN ASSETS

As at the Latest Practicable Date, neither BCOM nor PricewaterhouseCoopers had any shareholding interest in any member of the Group nor the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, neither BCOM nor PricewaterhouseCoopers had any direct or indirect interests in any assets which had since 31 March 2005 (being the date to which the latest published audited consolidated accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

9. CONSENTS OF EXPERTS

BCOM and PricewaterhouseCoopers have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of the text of their letters and references to their names in the form and context in which they respectively appear.

10. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2005 (being the date to which the latest published audited consolidated accounts of the Company were made up).

11. GENERAL

- (a) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (b) The principal registrar and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.
- (c) The Hong Kong branch registrar of the Company is Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Ms. LAW Yuk Kuen, a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.
- (e) The qualified accountant of the Company is Ms. FU Shuk Kuen, a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.
- (f) The English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the offices of the Company at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong up to and including 26 September 2005 and at the SGM:

- (a) the memorandum of association and Bye-Laws of the Company;
- (b) the audited consolidated accounts of the Group for the two years ended 31 March 2005;
- (c) the letter from BCOM, the text of which is set out on pages 35 to 48 of this circular;
- (d) the letter from PricewaterhouseCoopers, the text of which is set out on pages 51 to 52 of this circular;
- (e) the letters of consent from BCOM and PricewaterhouseCoopers referred to in the paragraph headed "Consents of Experts" above;
- (f) the material contracts referred to in the paragraph headed "Material Contracts" above;
- (g) the draft rules of the Pre-IPO Scheme; and
- (h) the draft rules of the Post-IPO Scheme.



MING PAO ENTERPRISE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 685)

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

NOTICE OF SGM

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 is enclosed herewith.
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.