

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Intelli-Media Group (Holdings) Limited (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

*This circular is for information purposes only and does not constitute an offer or invitation to acquire, purchase or subscribe for securities of Intelli-Media Group (Holdings) Limited.*

*The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.*

---



**智庫媒體集團（控股）有限公司**  
**Intelli - Media Group (Holdings) Limited**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8173)**

---

**PROPOSED ISSUE OF CONVERTIBLE NOTES DUE 2010**

---

A letter from the Board is set out on pages 17 to 18 of this circular.

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held at Room 706-708, 7/F, Westin Centre, 26 Hung To Road, Kwun Tong, Kowloon, Hong Kong on 18 February 2008 at 4:00 p.m. is set out from page 17 to 18 of this circular and has been posted on the GEM website. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

*This circular will remain on the “Latest Company Announcements” page on the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.*

30 January 2008

---

## CHARATERISTICS OF GEM

---

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

---

## CONTENTS

---

|  | <i>Page</i> |
|--|-------------|
| <b>Definitions</b> .....   | 1           |
| <br>   |             |
| <b>Letter from the Board</b>   |             |
| – Introduction .....   | 3           |
| – The Subscription Agreements .....  | 4           |
| – Principal Terms of the Convertible Notes .....                             | 7           |
| – Effect on the Shareholding Structure of the Company .....                  | 10          |
| – Dilution Effect on Shareholders .....                                      | 11          |
| – Use of Proceeds and Reasons for the Issue of the Convertible Notes .....   | 12          |
| – Fund Raising Activities of the Company during the Past Twelve Months ..... | 13          |
| – Increase in Authorised Share Capital .....                                 | 14          |
| – Application for Listing .....  | 14          |
| – EGM .....  | 14          |
| – Procedure by which a Poll may be demanded .....                            | 15          |
| – Recommendation .....   | 16          |
| <br>   |             |
| <b>Notice of EGM</b> .....   | 17          |

---

## DEFINITIONS

---

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

|                       |   |
|-----------------------|---|
| “Announcement”        | the announcement of the Company dated 15 January 2008 in respect of, among other things, the proposed issue of Convertible Notes  |
| “Board”               | board of Directors  |
| “Business Day(s)”     | a day (excluding Saturdays and Sundays) on which banks are generally open for business in Hong Kong   |
| “Company”             | Intelli-Media Group (Holdings) Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on GEM   |
| “Connected Person(s)” | has the meaning ascribed thereto under the GEM Listing Rules  |
| “Convertible Notes”   | the convertible notes of an aggregate principal amount of HK\$50,000,000 to be issued by the Company  |
| “Conversion Price”    | the conversion price of the Convertible Notes, being HK\$0.05 per Share subject to adjustments under the terms and conditions of the Convertible Notes  |
| “Conversion Share(s)” | new Share(s) to be issued by the Company upon the exercise of the conversion rights attaching to the Convertible Notes by the holder(s) thereof   |
| “Director(s)”         | director(s) of the Company  |
| “EGM”                 | the extraordinary general meeting of the Company to be convened and held on 18 February 2008 to approve, amongst other things, the issue of the Convertible Notes pursuant to the Subscription Agreements |
| “GEM”                 | the Growth Enterprise Market of the Stock Exchange  |
| “GEM Listing Rules”   | the Rules Governing the Listing of Securities on GEM  |
| “Group”               | the Company and its subsidiaries  |
| “Hong Kong”           | the Hong Kong Special Administrative Region of the PRC  |
| “HK\$”                | Hong Kong dollars, the lawful currency of Hong Kong   |

---

## DEFINITIONS

---

|                           |   |
|---------------------------|---|
| “Independent Third Party” | any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its Connected Persons |
| “Latest Practicable Date” | 28 January 2008, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained therein  |
| “PRC”                     | the People’s Republic of China  |
| “Share(s)”                | existing ordinary share(s) of HK\$0.01 each in the share capital of the Company   |
| “Shareholder(s)”          | holder(s) of the Share(s)   |
| “Share Option(s)”         | outstanding share options granted by the Company pursuant to the share option scheme of the Company adopted on 25 April 2002 and amended from time to time  |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited   |
| “Subscribers”             | a total of eight individual(s), institutional(s) or other professional investor(s), who has agreed to subscribe for the Convertible Notes pursuant to the Subscription Agreements   |
| “Subscription Agreements” | the subscription agreements entered into between the Company and the Subscribers on 15 January 2008 for the subscription of the Convertible Notes   |
| “Takeovers Code”          | The Hong Kong Code on Takeovers and Mergers and Share Repurchases   |

---

## LETTER FROM THE BOARD

---



# 智庫媒體集團（控股）有限公司 Intelli - Media Group (Holdings) Limited

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 8173)

*Executive Directors:*

Mr. Chin Wai Keung, Richard  
*(Chairman and Compliance Officer)*  
Mr. So Wing Lok, Jonathan  
Ms. Wong Hoi Yan, Audrey  
Mr. Lo Wing Keung  
Mr. Chow Alvin Chiyiu

*Independent non-executive Directors:*

Mr. Chow Shiu Ki  
Mr. Shum Man Ching

*Registered Office:*

P.O. Box 309  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

*Head office and principal place of  
business in Hong Kong:*

Unit 706-708, 7/F.  
Westin Centre  
26 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

30 January 2008

*To the Shareholders*

Dear Sir/Madam

### **PROPOSED ISSUE OF CONVERTIBLE NOTES DUE 2010**

#### **INTRODUCTION**

On 15 January 2008, the Board announced that the Company has entered into the Subscription Agreements with the Subscribers under which the Company agreed to issue and the Subscribers agreed to subscribe for the Convertible Notes in an aggregate principal amount of HK\$50,000,000 due 2010. The Convertible Notes are convertible into Shares at the initial Conversion Price of HK\$0.05 per Share (subject to adjustments).

In order to facilitate the issue of Conversion Shares on an exercise of conversion rights attaching to the Convertible Notes, the Company proposes to increase its existing authorised share capital of HK\$15,000,000 comprising of 1,500,000,000 Shares to HK\$200,000,000 comprising of 20,000,000,000 Shares.

---

## LETTER FROM THE BOARD

---

The purpose of this circular is to provide you with further details of the Subscription Agreements and the Convertible Notes, and to give you notice of the EGM.

### THE SUBSCRIPTION AGREEMENTS

On 15 January 2008, the Company entered into Subscription Agreements with eight (8) Subscribers in relation to the subscription of Convertible Notes in an aggregate principal amount of HK\$50 million.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) each of the Subscribers and its ultimate beneficial owner are Independent Third Parties and (ii) each of the Subscribers and its ultimate beneficial owners are independent of and not connected with each other.

Except for the subscription amount and identity of the Subscribers, all the Subscription Agreements have substantially the same terms and their principal terms are summarised as follows:

**Aggregate Subscription Amount** : HK\$50,000,000.

**Conditions** : Completion of the Subscription Agreements is conditional upon:

- (i) the GEM Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which neither the Company nor each of the Subscribers has any reasonable objection) the listing of, and permission to deal in, the Conversion Shares; and
- (ii) the passing by the Shareholders at general meeting of the Company all necessary resolutions in compliance with the GEM Listing Rules to approve the transactions contemplated under the Subscription Agreements, the issue of the Convertible Notes, the issue of the Conversion Shares and the increase of the authorised share capital of the Company to HK\$200,000,000 comprising 20,000,000,000 Shares .

If the conditions set out above have not been fulfilled on or before the day which falls on the expiry of 90 calendar days following the date of the Subscription Agreements (or such other date as the Company and each of the Subscribers may agree in writing), the Subscription Agreement will lapse immediately thereafter and be of no further effect and neither party to the relevant Subscription Agreement shall have any claim against or liability or obligation to other party under the Subscription Agreement.

---

## LETTER FROM THE BOARD

---

**Completion** : Completion of each of the Subscription Agreements is to take place on the third Business Day from the date on which all of the conditions set out above have been fulfilled.

The Subscription Agreements are to be completed at the same time. The Company shall not be obliged to proceed to completion of a Subscription Agreement if other Subscription Agreements cannot be completed at the same time.

**Termination** : Each of the Subscribers may by prior notice to the Company terminate the relevant Subscription Agreement at any time prior to payment for the Convertible Notes to the Company on completion of the relevant Subscription Agreements if:

- (i) there develops, occurs or, comes into effect:
  - (a) any development or change in relation to an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature (including acts of terrorism), whether or, not of the same kind with any of the foregoing, resulting in a material and adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong;
  - (b) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
  - (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group which shall materially and adversely affect the business or the financial or trading position of the Company;
  - (d) any suspension of dealings in the Shares for a period exceeding 7 Business Days other than due to the clearance of the Announcement;



---

## LETTER FROM THE BOARD

---

- (e) a change or development involving a prospective change of taxation or, exchange control (or the implementation of exchange control) in Hong Kong or, elsewhere which would materially and adversely affect the business, financial or trading position of the Company;
- (f) the instigation of any bona fide litigation or claim of material importance by any third party against any member of the Group which would materially and adversely affect the business, financial or, trading position of the Company,

and which can reasonably be expected, in the opinion of the relevant Subscriber acting reasonably, to have or has had a material adverse effect upon the condition, (financial or otherwise) or earnings, business affairs or' business prospects of the Company;

- (ii) there is any breach of any of the warranties made by the Company as set out in the relevant Subscription Agreement which has come to the knowledge of the Subscriber or any event which has occurred or any matter which has arisen on or after the date of the relevant Subscription Agreement and prior to completion which (a) if it had occurred or arisen before the date hereof would have rendered any of such warranties untrue, inaccurate or misleading, or (b) in the opinion of the relevant subscriber acting reasonably, materially and adversely affects the condition (financial or otherwise) or earnings, business affairs or, business prospects of the Company; or
- (iii) there has been a breach of or failure to perform any of the Company's obligations in any material respect under the relevant Subscription Agreement.

---

## LETTER FROM THE BOARD

---

### PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The following is a summary of the principal terms of the Convertible Notes:

- Aggregate principal amount** : HK\$50,000,000
- Conversion Period** : Each holder of the Convertible Notes may, at any time during the period from and excluding the 28th day after issue day of the Convertible Notes up to and including the day which is 7 days prior to the Maturity Date, convert the whole or any part (in an amount of integral multiple of HK\$1,000,000) of the outstanding principal amount of the relevant Convertible Note at the prevailing Conversion Price.
- Conversion Price** : The initial Conversion Price of HK\$0.05 per Share was arrived at after arm's length negotiation between the Company and the Subscribers and represents:
- (i) a discount of approximately 44.4% to the closing price of HK\$0.09 per Share quoted on the Stock Exchange on 14 January 2008, being the last trading day for the Shares before the date of suspension of dealings in the Shares pending release of the Announcement;
  - (ii) a discount of approximately 47% to the average closing price per Share of approximately HK\$0.0944 per Share as quoted on the Stock Exchange for the last five (5) trading days of the Shares ended on 14 January 2008;
  - (iii) a discount of approximately 40.8% over the average closing price per Share of approximately HK\$0.0844 per Share as quoted on the Stock Exchange for the last ten (10) trading days of the Shares ended on 14 January 2008; and
  - (iv) a discount of approximately 65.5% to the closing price of HK\$0.145 per Share quoted on the Stock Exchange on 28 January 2008, being the Latest Practicable Date.

---

## LETTER FROM THE BOARD

---

The initial Conversion Price was agreed after arm's length negotiations between the Company and an Independent Third Party placing agent who introduced the Subscribers to the Company. The Independent Third Party placing agent has confirmed that none of the Subscribers (and their respective ultimate beneficial owners) is an associate (as defined in the GEM Listing Rules) of it or its ultimate beneficial owners. It is equal to the price at which shares were issued pursuant to the open offer of 300,511,341 Shares by the Company which was completed in November 2007. Having regard to the open offer price and the volatility in price per Share in the last couple of months (with the closing price per Share ranging from HK\$0.071 to HK\$0.116 in the period from November 2007 to 14 January 2008), the Directors consider that the initial Conversion Price to be reasonable. The Directors consider that the terms of the Convertible Notes are fair and reasonable.

The initial Conversion Price may be subject to adjustment for amongst other things, consolidation, subdivision or, reclassification of Shares, capitalisation of profits or reserves of the Company, capital distributions made by the Company, rights issues of Shares or other securities of the Company, and other issues of securities carrying rights of conversion into, or exchange or subscription for, Shares at less than market price (including modification of rights of conversion). The Company or the holder of the relevant Convertible Note may require adjustment to the initial Conversion Price to be certified by an approved investment bank.

**Redemption** : Unless previously converted or purchased or redeemed by the Company, the Company will redeem the Convertible Notes on the Maturity Date at the redemption amount which is 108% of the principal amount of the Convertible Notes outstanding.

In the event of the occurrence of certain events of default specified in the Convertible Notes, the Noteholders may also require the Company to redeem the the Convertible Notes which is 108% of the principal amount of the Convertible Notes then outstanding.

---

## LETTER FROM THE BOARD

---

In the event of a change of control of the Company, the Noteholders may require the Company to redeem all (but not part only) of the Convertible Notes at the redemption amount 108% of the principal amount of the Convertible Notes then outstanding plus interest accrued. For the purposes of the Subscription Agreements, a “change of control” occurs when: (i) any person or persons, acting together (other than Mr. Chin Wai Keung, Richard and/or parties acting in concert for the purposes of the Takeovers Code) acquires 30% or more voting rights of the Company; or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to another person or persons (other than Mr. Chin Wai Keung, Richard and/or parties acting in concert and/or parties acting in concert with it for the purposes of the Takeovers Code) acquiring 30% or more voting rights of the Company or the successor entity.

|                        |   |   |
|------------------------|---|---|
| <b>Interest rate</b>   | : | Nil   |
| <b>Listing</b>         | : | No application will be made for the listing of the Convertible Notes on the Stock Exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares (if any) to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes.   |
| <b>Maturity Date</b>   | : | The second anniversary of the date of the issue of the Convertible Notes.   |
| <b>Ranking</b>         | : | The Conversion Shares will rank pari passu in all respects among themselves and with all other Shares in issue on the date of such allotment and issue.   |
| <b>Transferability</b> | : | The Convertible Notes will be freely transferable but may not be assigned or transferred to a Connected Person of the Company without the prior written consent of the Company. Any assignment and/or transfer of the Convertible Notes is subject to (1) the GEM Listing Rules for so long as the Shares are listed on the Stock Exchange (and the rules of any other stock exchange on which the Shares may be listed at the relevant time) and all applicable laws and regulations; and (2) the approval of the Shareholders in a general meeting if so required and in compliance with the GEM Listing Rules if such assignment and/ or transfer is proposed to be made to a Connected Person of the Company. |

## LETTER FROM THE BOARD

- Voting** : No holder of the Convertible Notes will be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being a holder of the Convertible Notes.
- Conversion Shares** : Upon full conversion of the Convertible Notes at the initial Conversion Price, a total of 1,000,000,000 Conversion Shares will be issued, representing approximately 110.7% of the existing issued share capital of the Company and approximately 52.5% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares at the initial Conversion Price.

### EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) upon full conversion of the Convertible Notes.

| Shareholders                                      | As at the               |                   | Upon full conversion of      |                   | Upon full conversion of the |                   |
|---|-------------------------|-------------------|------------------------------|-------------------|-----------------------------|-------------------|
|   | Latest Practicable Date |                   | Convertible Notes at         |                   | Convertible Notes at the    |                   |
|   | <i>Approximate</i>      |                   | the initial Conversion Price |                   | initial Conversion Price of |                   |
|   | <i>No. of Shares</i>    | <i>Percentage</i> | of HK\$0.05 per Share        |                   | HK\$0.05 per Share and      |                   |
|   |                         |                   | (assuming (i) no exercise    |                   | exercise of all outstanding |                   |
|   |                         |                   | of the outstanding Share     |                   | Options in full (assuming   |                   |
|   |                         |                   | Options and (ii) no change   |                   | no change in shareholding   |                   |
|   |                         |                   | in shareholding and share    |                   | and share capital           |                   |
|   |                         |                   | capital in the Company from  |                   | in the Company from now     |                   |
|   |                         |                   | now on until conversion)     |                   | on until conversion)        |                   |
|   |                         |                   | <i>Approximate</i>           |                   | <i>Approximate</i>          |                   |
|   | <i>No. of Shares</i>    | <i>Percentage</i> | <i>No. of Shares</i>         | <i>Percentage</i> | <i>No. of Shares</i>        | <i>Percentage</i> |
| Nice Hill Investments Ltd.<br><i>(note 1,2)</i>   | 353,163,501             | 39.1%             | 353,163,501                  | 18.6%             | 353,163,501                 | 18.2%             |
| So Wing Lok, Jonathan<br><i>(note 2)</i>          | 27,051,900              | 3.0%              | 27,051,900                   | 1.4%              | 27,051,900                  | 1.4%              |
| Chow Alvin Chiyiu <i>(note 2)</i>                 | 10,000                  | 0.0%              | 10,000                       | 0.0%              | 10,000                      | 0.0%              |
| Wong Hoi Yan, Audrey<br><i>(note 2 and 3)</i>     | 2,000,000               | 0.2%              | 2,000,000                    | 0.1%              | 6,000,000                   | 0.3%              |
| Other holders of Share<br>Options <i>(note 3)</i> | –                       | –                 | –                            | –                 | 30,000,000                  | 1.6%              |
| Public Shareholders                               | 521,308,622             | 57.7%             | 521,308,622                  | 27.4%             | 521,308,622                 | 26.9%             |
| Subscribers <i>(note 4)</i>                       | –                       | –                 | 1,000,000,000                | 52.5%             | 1,000,000,000               | 51.6%             |
| <b>Total</b>                                      | <b>903,534,023</b>      | <b>100%</b>       | <b>1,903,534,023</b>         | <b>100%</b>       | <b>1,937,534,023</b>        | <b>100%</b>       |

---

## LETTER FROM THE BOARD

---

*Notes:*

1. Nice Hill Investments Ltd. is a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Chin Wai Keung, Richard, the chairman and executive director of the Company.
2. Mr. Chin Wai Keung, Richard, Mr. So Wing Lok, Jonathan, Mr. Chow Alvin Chiyui and Ms. Wong Hoi Yan Audrey are executive Directors.
3. As at the Latest Practicable Date, there are 34,000,000 outstanding Share Options (4,000,000 of which have been granted to Ms. Wong Hoi Yan, Audrey) to subscribe up to 34,000,000 Shares, representing approximately 3.8% of the existing issued share capital of the Company and approximately 1.8% of the issued share capital of the Company enlarged by full conversion of the Convertible Notes at the initial Conversion Price and exercise in full of the outstanding Share Options.
4. The allocation of principal amounts of the Convertible Notes amongst Subscribers and their respective shareholding upon full conversion of the Convertible Notes at the initial Conversion Price are set out below:

| Subscriber | Principal amount<br>of Convertible<br>Notes<br>subscribed | No. of<br>Shares to be issued<br>upon conversion | Approximate percentage<br>shareholding upon<br>full conversion (assuming<br>no change in shareholding<br>and share capital in the<br>Company until conversion<br>and no exercise of the<br>outstanding Share Options) | Approximate percentage<br>shareholding upon full<br>conversion and full exercise<br>of the outstanding Share<br>Options (assuming no<br>change in shareholding<br>and share capital in the<br>Company otherwise) |
|------------|---|--|---|--|
| 1          | HK\$6,000,000   | 120,000,000                                      | 6.3%  | 6.2%   |
| 2          | HK\$10,000,000  | 200,000,000                                      | 10.5%   | 10.3%  |
| 3          | HK\$4,000,000   | 80,000,000                                       | 4.2%  | 4.1%   |
| 4          | HK\$5,000,000   | 100,000,000                                      | 5.3%  | 5.2%   |
| 5          | HK\$5,000,000   | 100,000,000                                      | 5.3%  | 5.2%   |
| 6          | HK\$7,000,000   | 140,000,000                                      | 7.3%  | 7.2%   |
| 7          | HK\$8,000,000   | 160,000,000                                      | 8.4%  | 8.2%   |
| 8          | HK\$5,000,000   | 100,000,000                                      | 5.3%  | 5.2%   |

As illustrated above, one of the Subscribers can become a substantial shareholder of the Company upon full conversion of the Convertible Notes assuming no change to the share capital of the Company in the meantime and the holders of the Convertible Notes continue to hold the Conversion Shares. There is no certainty that any of the Subscribers will elect to convert (all or part of) the Convertible Notes.

### DILUTION EFFECT ON SHAREHOLDERS

In view of the potential dilution effect on existing Shareholders on exercise of conversion rights attaching to the Convertible Notes, for so long as any of the Convertible Notes are outstanding, the Company will keep Shareholders informed of the level of dilution and details of conversion as follows:

- (1) the Company will make a monthly announcement (the “Monthly Announcement”) on the website of the Stock Exchange and the Company after the issue of the Convertible Notes. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:
  - (a) whether there is any conversion of the Convertible Notes during the relevant month. If yes, details of the conversion(s), including the conversion date, number of new Shares issued, conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;

---

## LETTER FROM THE BOARD

---

- (b) the outstanding principal amount of the Convertible Notes after the conversion, if any;
  - (c) the total number of new Shares issued pursuant to other transactions during the relevant month, including new Shares issued pursuant to exercise of options under any share option scheme(s) of the Company;
  - (d) the total issued share capital of the Company as at the commencement and the last day of the relevant month; and
- (2) in addition to the Monthly Announcement, if the cumulative amount of new Shares issued pursuant to the conversion of the Convertible Notes reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange and the Company including details as stated in (1) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be), up to the date on which the total amount of Shares issued pursuant to the conversion amounts to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes; and
- (3) if the Company forms the view that any issue of Conversion Shares will trigger the disclosure requirements under Rule 17.10 of the GEM Listing Rules, then the Company is obliged to make such disclosure regardless of the issue of any announcement in relation to the Convertible Notes as mentioned in (1) and (2) above.

### USE OF PROCEEDS AND REASONS FOR THE ISSUE OF THE CONVERTIBLE NOTES

The Company is an investment holding company and its issued Shares are listed on GEM. The Group is principally engaged the business of provision of video programmes in video compact disc and digital video disc formats for home entertainment, sub-licensing film rights and animations characters and its related merchandise products, film co-production, exhibition and distribution.

The net proceeds from the proposed issue of the Convertible Notes (after deducting related expenses including a commission of HK\$500,000 payable to the Independent Third Party placing agent) will be approximately HK\$48.5 million. The Company intends to deploy approximately HK\$38 million towards the expansion for the animated business of the Group (including, where suitable opportunities arise, to fund future acquisitions for this purpose) and remainder as the Group's general working capital. The Directors confirm that no specific project was identified by the Company and no agreement was entered into by the Company concerning these types of acquisitions and the Company will make appropriate disclosure to the public in accordance with the GEM Listing Rules.

The Directors consider that issue of Convertible Notes allows the Company to raise additional capital for the Company. The conversion of the Convertible Notes into the Conversion Shares will enlarge the shareholder base and the capital base of the Company and the Directors consider that this will in turn improve the liquidity of the Shares.

---

## LETTER FROM THE BOARD

---

The Company considers that the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has conducted the following funds raising activities involving issue of new Shares over the past twelve-month period:

- (1) As disclosed in the announcement and circular of the Company dated 17 April 2007 and 8 May 2007, respectively, the issue of HK\$6 million convertible bond which is convertible into 18,292,682 Shares at conversion price of HK\$0.328 per Share by the Company to 廣東原創動力文化傳播有限公司 (Guangdong Creative Power Culture Distribution Company Limited (for identification purpose only)) for the acquisition of the copyright of a film library. The said acquisition was completed on 18 May 2007.
- (2) As disclosed in the announcement of the Company dated 20 April 2007, the Company has carried out a top-up placing of 37,310,000 existing Shares at a price of HK\$0.268 per Share. The net proceeds generated from such top-up placing amounted to approximately HK\$9.6 million, of which approximately HK\$9 million was intended and actually used to finance the aforementioned acquisition of the copyright of a film library with the remaining balance of approximately HK\$600,000 was intended and actually used for general working capital. The said top-up placing was completed on 2 May 2007.
- (3) As disclosed in the announcement of the Company dated 16 May 2007, the Company has carried out a top-up placing of 41,360,000 existing Shares at a price of HK\$0.299 per Share. The net proceeds of the top-up placing amounted to approximately HK\$11.6 million, of which approximately HK\$6 million was intended for general working capital and the remaining balance was intended for business expansion of animated business of the Group, including possible pursuit of relevant acquisitions opportunities. Finally, HK\$ 7 million was used for repayment of the debt carried by the Company with the remaining balance of approximately HK\$4.6 million was used as general working capital. The said top-up placing was completed on 30 May 2007.
- (4) As disclosed in the announcement, circular and results of open offer announcement of the Company dated 20 September 2007, 16 October 2007 and 6 November 2007, the Company has carried out an open offer of 300,511,341 offer shares at a price of HK\$0.05 per Share. The net proceeds of the open offer amounted to HK\$14.2 million, of which not less than HK\$4.1 million was intended for general working capital and the remaining balance will be designated for expansion of the Group's animated business, including possible pursuit of relevant acquisitions opportunities. Not more than HK\$4.95 million was used for general working capital and the remaining balance will be applied as originally intended.

Save as set out above, the Company has not carried out other equity fund the 12 months immediately preceding the Latest Practicable Date.



---

## LETTER FROM THE BOARD

---

### **INCREASE IN AUTHORISED SHARE CAPITAL**

In order to facilitate the issue of Conversion Shares upon the exercise of conversion rights attaching to the Convertible Notes, the Company proposes to increase its existing authorised share capital of HK\$15,000,000 comprising of 1,500,000,000 Shares to HK\$200,000,000 comprising of 20,000,000,000 Shares.

The increase in authorised share capital is conditional on the approval of the Shareholders by way of an ordinary resolution.

### **APPLICATION FOR LISTING**

No application will be made for listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The Conversion Shares falling to be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes will be issued under the special mandate to be sought at the EGM. The special mandate is conditional upon the passing of the relevant resolution by the Shareholders at the EGM.

### **EGM**

Set out pages 17 to 18 of this circular is a notice convening the EGM at which ordinary resolutions will be proposed to consider and, if thought fit, to approve (i) the issue of the Convertible Notes pursuant to the Subscription Agreements; (ii) the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Notes; and (iii) the increase in authorized share capital.

So far as the Directors are aware, no Shareholder has a material interest in (i) the issue of the Convertible Notes pursuant to the Subscription Agreement; (ii) the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Notes; and (iii) the increase in authorized share capital and is required to abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

---

## LETTER FROM THE BOARD

---

### PROCEDURE BY WHICH A POLL MAY BE DEMANDED

In accordance with article 80 of the articles of association of the Company, the following persons may demand that the vote in respect of any resolution put to the general meeting be taken on a poll:

- (a) the chairman of the meeting; or
- (b) at least five members present in person or by proxy and entitled to vote or who represent in aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (c) any member or members present in person or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (d) if required by the GEM Listing Rules, the chairman of the meeting and/or any Director holding the proxies shall demand a poll, if such aggregate proxies held individually or collectively by (i) the chairman of a particular meeting, and/or (ii) the Directors, account for five (5) per cent or more of the total voting rights at such meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposition manner to that instructed in those proxies.

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

A poll may be so demanded before or on the declaration of the result of the show of hands.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

---

## LETTER FROM THE BOARD

---

### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the proposed issue of Convertible Notes is in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions relating thereto as set out in the notice of the EGM.

Yours faithfully,  
For and on behalf of the Board of  
**Intelli-Media Group (Holdings) Limited**  
**Chin Wai Keung, Richard**  
*Chairman*

---

## NOTICE OF EGM

---



# 智庫媒體集團（控股）有限公司 Intelli - Media Group (Holdings) Limited

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8173)

## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Intelli-Media Group (Holdings) Limited (the “Company”) will be held at Room 706-708, 7/F, Westin Centre, 26 Hung To Road, Kwun Tong, Kowloon, Hong Kong on 18 February 2008 at 4:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

### ORDINARY RESOLUTIONS

1. “**THAT**

- (i) the issue pursuant to the subscription agreements dated 15 January 2008 (the “Subscription Agreements”) between the Company and eight independent third party individuals, institutional or other professional investors (the “Subscribers”) of convertible notes with an aggregate principal amount of HK\$50,000,000 (the “Convertible Notes”) entitling the holders thereof to convert the principal amount thereof into ordinary shares of the Company (“Conversion Shares”) at an initial conversion price of HK\$0.05 per Conversion Share (subject to adjustment) and the issue and allotment of the Conversion Shares upon an exercise of the conversion rights attaching to the Convertible Notes be and are hereby approved and the directors of the Company be and are hereby authorised to exercise all their powers and to do such things (including but not limited to agreeing such other documents or agreements or deeds) as they may consider necessary or desirable to give effect to the transactions contemplated under the Subscription Agreements and the Convertible Notes; and
- (ii) the authorised share capital of the Company be increased from HK\$15,000,000 divided into 1,500,000,000 shares (each a “Share”) of HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 Shares by the creation of 18,500,000,000 unissued Shares; and the Directors be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary or expedient to give effect to the increase in the authorised share capital of the Company.”

By order of the Board  
**Intelli-Media Group (Holdings) Limited**  
**Chin Wai Keung, Richard**  
*Chairman*

30 January 2008

---

## NOTICE OF EGM

---

*Registered Office:*  
P.O. Box 309  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

*Head office and principal place  
of business in Hong Kong:*  
Unit 706-708, 7/F.  
Westin Centre  
26 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

*Notes:*

1. Subject to the provisions of the articles of association of the Company, any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent and vote on his behalf at the EGM. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. On a poll, votes may be given either personally or by proxy.
2. A form of proxy for use at the EGM may be downloaded on the website of GEM at [www.hkgem.com](http://www.hkgem.com). In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed (or a copy which has been certified by a notary) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting.
3. In the case of joint holders of Shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
4. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.

*As at the date of this notice, the Board comprises five executive Directors, Mr. Chin Wai Keung, Richard, Mr. So Wing Lok, Jonathan, Ms. Wong Hoi Yan, Audrey, Mr. Lo Wing Keung, Mr. Chow Alvin Chiyiu; and two independent non-executive Directors, Mr. Chow Shiu Ki and Mr. Shum Man Ching.*

*This notice will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the date of its publication.*