

**MILLENNIUM GROUP LTD:
IS THIS COMPANY THROWING GOOD MONEY AFTER BAD ?**

While Management of Millennium Group Ltd (Code: 260, Main Board, The Stock Exchange of Hongkong Ltd) continues to litigate with a British Virgin Islands company (BVI), which is owned by a Substantial Shareholder of Millennium Group, the legal owner of that BVI company appears to have issued a dud cheque to his previous solicitors' firm, which is practising in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

According to the solicitors' firm of Tsang Wai Kwan, trading as Tsang and Lee, it has been acting for and on behalf of China Media International Group Ltd since March 10, 2004.

The sole shareholder of China Media International is Mr Sunny Xue, who is, also, the sole Director.

Mr Sunny Xue was/is, also, a 10.47-percent shareholder of Millennium Group, as at June 2003.

Millennium Group sued China Media International on February 18, 2004, in the HKSAR High Court, claiming that that BVI company breached an agreement in respect of Millennium Group's \$HK100-million investment in a wholly owned subsidiary of China Media International, according to **TOLFIN** (The Computerised Online Financial Intelligence Service and Web-Based, Credit-Checking Provider).

The firm of Tsang and Lee was specifically retained by China Media International to defend High Court Action Number 323, and the man who issued instructions to this solicitors' firm was Mr Sunny Xue, it is alleged.

But, today, Tsang and Lee has issued legal proceedings in the District Court of the HKSAR, claiming that Mr Sunny Xue, on August 26, 2004, issued a personal cheque in the amount of \$HK122,000 to his (former?) solicitors' firm in order to settle Tsang and Lee's bills with regard to services rendered to China Media International.

But, when the cheque was presented for payment on September 10, 2004, it bounced.

Of the total bill of this solicitors' firm with regard to its work in defending its client in High Court Action Number 323, amounting to \$HK214,443.40, a partial payment in the amount of \$HK92,823.33 has been received, the firm alleges.

But it is, still, out of pocket to the tune of \$HK121,620.07.

The firm would like to get its money, plus interest and costs.

The essence of the litigation between Millennium Group and China Media International was mentioned in the 2003/2004 Interim Report of Millennium Group in the following manner:

'The Company issued a writ of summons in the Court of First Instance in Hong Kong against China Media International Group Limited ("CMI") on 18th February, 2004 to claim for, among others, damages for breach of the sale and purchase agreement (the "Sale and Purchase

Agreement”) in relation to the sale and purchase of 35% of the issued share capital of CMEP Limited (“CMEP”) dated 2nd January, 2003 and the shareholders agreement dated 10th February, 2003 in respect of CMEP, both entered into between the Company and CMI, including (i) the amount equivalent to 35% of the difference between the net profit of CMEP for the period from the date of its incorporation to 30th June, 2003 and HK\$100 million and (ii) the amount equivalent to 35% of the corresponding amount after tax net profit on the difference between the actual amount of account receivables as shown in the management account of CMEP for the period from the date of incorporation to 30th November, 2002) recovered within 9 months after the date of the Sale and Purchase Agreement and 100% of the said amount of account receivables.

‘The writ has been served on CMI on 19th February, 2004 and the litigation is currently in progress.’

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TOLFIN’s records indicate that, on February 18, 2004, Millennium Group’s Statement of Claim, attached to Writ of Summons Number 323, alleged that Millennium Group, on January 2, 2003, had entered into a purported Sale and Purchase Agreement with China Media International Group Ltd for the purchase of 35 percent of the Issued and Fully Paid-Up Share Capital of CMEP Ltd, a wholly owned subsidiary of China Media International.

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