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

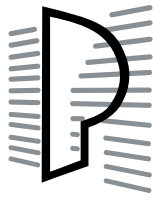
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**If you are in doubt** as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Media Partners International Holdings Inc., you should at once hand this circular to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes 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.

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**Media Partners International Holdings Inc.**  
**媒體伯樂集團有限公司\***

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

**DISCLOSEABLE TRANSACTION**

**in respect of the proposed amendment to the Joint Venture Contract  
and Joint Venture Articles of a PRC Subsidiary**

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

4th December, 2002

\* For identification purpose only

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## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

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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 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 at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below unless the content requires otherwise.*

“Board”	means the board of directors
“Company”	means Media Partners International Holdings Inc., a company incorporated in the Cayman Islands and whose shares are listed on GEM
“Director(s)”	means the director(s) of the Company
“GEM”	means the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“IPO Placing”	means the new issue and offer for sale by way of placing of shares of the Company referred to in the Prospectus.
“JV Articles”	means the articles of association relating to Shanghai MPI entered into between MPIL and the PRC Party
“JV Contract”	means the joint venture contract relating to Shanghai MPI entered into between MPIL and the PRC Party
“Latest Practicable Date”	28th November, 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“MPIL”	means Media Partners International Limited 梅迪派勒廣告有限公司 a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company. It is principally engaged in outdoor advertising agency business
“MSCV”	means Morningside CyberVentures Holdings Limited, a private company incorporated with limited liability in the British Virgin Islands. It is an investment holding company and is the controlling shareholder of the Company

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## DEFINITIONS

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“PRC”	means the People’s Republic of China
“Prospectus”	means the prospectus of the Company dated 15th January, 2002
“PRC Party”	means 上海廣興廣告裝潢中心 (Shanghai Guangxing Advertising and Decorating Centre), an independent third party existing under the laws of the PRC which is independent from the Directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective associates as defined under the GEM Listing Rules
“RMB”	means Renminbi, the lawful currency of the PRC
“Shanghai MPI”	means Shanghai Media Partners International Ltd.上海梅迪派勒廣告有限公司, a sino-foreign co-operative joint venture in the PRC established by MPIL and the PRC Party in 1995
“SDI Ordinance”	means the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong)
“Shareholders”	means holder(s) of shares of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“US\$”	means United States dollars

In this circular, for information purpose only, certain amount in US\$ have been translated into HK\$ at the following rate: US\$1.00 = HK\$7.8



**Media Partners International Holdings Inc.**  
**媒體伯樂集團有限公司\***

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

*Executive Directors:*

Mr. George Ka Ki Chang (*Vice Chairman*)  
Ms. Winnie Pik Shan To (*Chief Executive Officer*)  
Mr. Tony Cheung Kin Au-Yeung

*Non-executive Director:*

Mr. Gerald Lokchung Chan (*Chairman*)

*Independent non-executive Directors:*

Mr. Lawrence Juen-Yee Lau  
Mr. Paul Laurence Saffo  
Mr. Meocre Kwok Wing Li

*Registered office:*

Century Yard  
Cricket Drive  
Hutchins Drive  
PO Box 2681 GT  
George Town  
Grand Cayman  
British West Indies

*Principal Place of Business*

*in Hong Kong:*

15th Floor, Rooms 1506-1510  
Hang Lung Centre  
2-20 Paterson Street  
Causeway Bay  
Hong Kong

4th December, 2002

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**  
**in respect of the proposed amendment to the Joint Venture Contract**  
**and Joint Venture Articles of a PRC Subsidiary**

**INTRODUCTION**

On 14th November, 2002, the Company announced that an application had been submitted to the relevant PRC government authorities on 11th November, 2002 for approval of the proposed amendment to the JV Contract and JV Articles of Shanghai MPI, a subsidiary of the Company in the PRC.

The purpose of this circular is to provide Shareholders with further information relating to the proposed amendment to the JV Contract and JV Articles of Shanghai MPI.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### **Proposed Amendment to the JV Contract and JV Articles**

#### **a. Increase of registered capital and total investment**

As at the Latest Practicable Date, the registered capital and the total investment of Shanghai MPI are US\$1.8 million (approximately HK\$14,040,000) and US\$2.5 million (approximately HK\$19,500,000) respectively. It is proposed to increase the registered capital of Shanghai MPI by US\$13.5 million (approximately HK\$105,300,000) from US\$1.8 million (approximately HK\$14,040,000) to US\$15.3 million (approximately HK\$119,340,000). The said increase of registered capital would be entirely contributed by MPIL in cash (which is permitted under the co-operative joint venture structure) after arm's length negotiations between MPIL and the PRC Party.

The said increase of registered capital would be funded by the proceeds from IPO Placing and is in line with (i) the Company's business objectives as disclosed in the Prospectus and (ii) the use of proceeds as disclosed in the Company's announcement dated 24th January, 2002.

The total investment of Shanghai MPI would be increased by US\$43 million (approximately HK\$335,400,000) from US\$2.5 million (approximately HK\$19,500,000) to US\$45.5 million (approximately HK\$354,900,000). Pursuant to the JV Contract, the parties thereto (i.e. MPIL and the PRC Party, the two investors in Shanghai MPI) are not obliged to make contributions as to any amount exceeding the registered capital in the total investment of Shanghai MPI.

#### **b. Term**

The term of the JV Contract of Shanghai MPI would be extended from 15 years to 30 years expiring in 2025 upon approval of such an extension by the relevant PRC government authorities.

Other than the proposed changes set out in this circular, no other amendments are made to the existing JV Contract and JV Articles of Shanghai MPI. The prevailing profit sharing percentage of MPIL in Shanghai MPI would remain at 80%. Taking into account the current legal environment and policy considerations in the PRC, the Directors are of the view that it is in the Group's interests for the aforesaid prevailing profit sharing percentage to remain as it is.

### **Conditions**

The proposed amendment to the JV Contract and JV Articles of Shanghai MPI are conditional upon all necessary approvals from the relevant PRC government authorities having been obtained. As matters now stand, it is uncertain when the relevant approvals are expected.

### **Reason for amendment to the JV Contract and JV Articles**

The Group manages and operates a prominent network of outdoor advertising media in the PRC and Hong Kong. The Group's objective is to become the leading provider of an outdoor advertising media network in Greater China through offering a comprehensive range of media and related services to satisfy the advertising communication needs of advertisers.

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## LETTER FROM THE BOARD

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With the continuous rise in living standards and related increasing demand for advertising opportunities in the PRC, the Directors are optimistic about the prospects of the PRC outdoor advertising market. The proposed amendment to the JV Contract and JV Articles of Shanghai MPI will be beneficial to its future business development and expansion in the PRC. Such proposed increase of registered capital of Shanghai MPI is to support the securing of additional advertising concessions in the PRC.

The proposed increase in registered capital is required in order to finance the continuing business expansion of the Group in the PRC (including the facilitation of refinancing the RMB80 million paid to secure the exclusive advertising rights within the Beijing Light Rail System – details of which have been set out in the Company's circular dated 5th August, 2002), as Shanghai MPI is currently running the advertising concessions of Beijing Light Rail project.

The proposed increase in registered capital and total investment of Shanghai MPI are generally determined by reference to the size of investment in Beijing Light Rail project and future media development in Shanghai MPI.

There will be no change to the cash level of the Group immediately before and after this transaction.

### **Background Information of Shanghai MPI**

Shanghai MPI is the hub of the Group's operations in the PRC and is principally engaged in the outdoor advertising agency business in the PRC. It is a co-operative joint venture with a term of 15 year commencing on 28th December, 1995. The PRC partner is 上海廣興廣告裝潢中心 (Shanghai Guangxing Advertising and Decorating Centre) which is an independent third party not connected with any director, chief executive, substantial shareholder or management shareholder of the Company or an associate of any them.

In accordance with the prevailing JV Contract and JV Articles of Association of Shanghai MPI, the Board of Shanghai MPI consists of a total of five directors. The PRC partner has the right to nominate one director and MPIL has right to nominate four directors to the board of Shanghai MPI. Furthermore, MPIL is entitled to appoint the Chairman and the General Manager of Shanghai MPI. The composition of the Board of Shanghai MPI will remain the same after the amendment of JV Contract and JV Articles of Association of Shanghai MPI.

### **General**

The proposed amendment to the JV Contract and JV Articles of Shanghai MPI are entered into on normal commercial terms after the arm's length negotiations between MPIL and the PRC Party (i.e. the two investors in Shanghai MPI). The Directors, after taking into account the current legal environment and policy considerations in the PRC, consider the terms of such proposed amendment are fair and reasonable and in the interests of the Shareholders. As the amount of the proposed increase of registered capital in Shanghai MPI would represent more than 15% of the latest published net tangible assets of the Group, this would constitute a discloseable transaction for the Company under the GEM Listing Rules.



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## LETTER FROM THE BOARD

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### FURTHER INFORMATION

Your attention is drawn to the general information set out in the Appendix of this circular.

Yours faithfully,  
For and on behalf of the Board  
**George Ka Ki Chang**  
*Vice Chairman*

**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 enquires, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) 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.

**DISCLOSURE OF INTERESTS***(1) Directors' Interests in shares*

As at the Latest Practicable Date, none of the Directors or their associates had any personal, family, corporate or other interest in the issued capital of the Company or any of its associated corporations as defined in the SDI Ordinance.

*(2) Directors' right to acquire shares*

Pursuant to the Share Option Scheme, the following director was granted share options to subscribe for the shares of the Company as follows:-

<b>Name of Director</b>	<b>Date of grant</b>	<b>Number of options</b>	<b>Option period</b>	<b>Subscription price per share of the Company HK\$</b>
<i>To Pik Shan, Winnie</i>	<i>14/8/2002</i>	<i>8,538,000</i>	<i>14/8/2002 to 13/8/2012</i>	<i>0.62</i>

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors or their associates was granted options to subscribe for shares of the Company, nor had exercised such rights.

## SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register of substantial shareholders required to be maintained under Section 16(1) of the SDI Ordinance, the Company had been notified of the following interests, being 10% or more in the issued share capital of the Company:

Name	Number of Shares held	Approximate percentage of issued share capital
MSCV ( <i>note a</i> )	640,000,000	75%
Verrall Limited via MSCV ( <i>note b</i> )	640,000,000	75%

*Notes:*

- a. MSCV is wholly-owned by Verrall Limited in its capacity as the trustee of the trust referred to in note (b) below.
- b. Verrall Limited, a company incorporated in the Isle of Man, is the trustee of a discretionary trust established by Mdm. Chan Tan Ching Fen, the mother of Mr. Gerald Lokchung Chan, for the benefit of certain members of her family and other charitable objects. None of the discretionary objects of this trust are Directors nor are they otherwise involved in the management of the Group.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at the Latest Practicable Date.

So far as is known to any director or chief executive of the Company, as at the Latest Practicable Date, the following companies/persons were, directly or indirectly interested in 10% or more of the equity interests of the members of the Group:-

Name of subsidiaries	Name of shareholders	No. and class of shares held	Percentage of shareholding
Best Reward Venture Limited	Leung Yin Ping	750 ordinary shares of US\$1.00 each	25%
Livebrand Networks Limited	CL Communications Limited	245,000 ordinary shares of HK\$1.00 each	49%

**MANAGEMENT SHAREHOLDERS**

As at the Latest Practicable Date, so far as the Directors are aware, other than MSCV and Verrall Limited as disclosed above, there is no other person who is directly or indirectly, interested in 5% or more of the issued share capital of the Company and who is able, as a practical matter, to direct or influence the management of the Company.

**DIRECTORS' SERVICE CONTRACTS**

The executive Directors, Messrs George Ka Ki Chang and Tony Cheung Kin Au-Yeung, have entered into a Director's service contract with the Company and Ms. Winnie Pik Shan To has entered into a Director's service contract with Media Partners International Limited, a wholly-owned subsidiary of the Company, whereby each of them has agreed to be appointed as executive Director of the Company for an initial term of two years commencing on 7th January, 2002 which may be terminated by either party thereto giving to the other not less than three calendar months' prior notice in writing so as to expire no earlier than the end of the second year or any time thereafter.

The non-executive Director, Gerald Lokchung Chan, and independent non-executive Directors, Messrs Lawrence Juen-Yee Lau, Paul Laurence Saffo and Meocre Kwok Wing Li, have entered into a Director's service contract with the Company for an initial term of two years commencing on 7th January, 2002.

Save as disclosed above, none of the Directors has entered into any service contracts with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than the statutory compensation.

**LITIGATION**

No member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

**GENERAL**

- (a) The branch share registrar and transfer office in Hong Kong of the Company is Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.
- (b) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies.
- (c) The principal place of business of the Company in Hong Kong is at 15th Floor, Rooms 1506-1510, Hang Lung Centre, 2-20 Paterson Street, Causeway Bay, Hong Kong.
- (d) The Compliance Officer of the Company is Mr. George Ka Ki Chang. Mr. Chang is the vice chairman and an executive director of the Company. He is a member of the American Institute of Certified Public Accountants, Canadian Institute of Chartered Accountants and a member of Hong Kong Society of Accountants.

- (e) The Company Secretary of the Company is Mr. Stephen Cheuk Kin Law. Mr. Law is a member of the Institute of Chartered Accountants in England and Wales, a member of Hong Kong Society of Accountants and a registered Certified Public Accountant in Hong Kong.
- (f) The Qualified Accountant of the Company is Ms. Florence Yuk Lan Wong. Ms. Wong is a member of the Association of Chartered Certified Accountants and a member of the Hong Kong Society of Accountants.
- (g) The Company has established an audit committee on 7th January, 2002 with written terms of reference in compliance with Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the board of Directors of the Company. The audit committee comprises three independent non-executive Directors, namely Mr. Meocre Kwok Wing Li, Mr. Lawrence Juen-Yee Lau and Mr. Paul Laurence Saffo, further details of which are set out below:

Mr. Meocre Kwok Wing Li, aged 47, is the founder and Chief Executive of Alpha Alliance Finance Holdings Limited. He was previously the founder and Chief Executive of ICEA Finance Holdings Limited, the investment banking subsidiary of The Industrial and Commercial Bank of China. Prior to this, Mr. Li was the Chief Executive of NatWest Markets Corporate Finance Asia Limited, and before that the Managing Partner of an international accountancy firm. Mr. Li holds a Bachelor of Commerce degree from the University of Alberta, Canada and completed the Program for Management Development from the Harvard Graduate School of Business. Mr. Li is a qualified accountant and a member of the Hong Kong Society of Accountants and Association of Chartered Certified Accountants, U.K.

Mr. Lawrence Juen-Yee Lau, aged 57. Mr. Lau is the Kwoh-Ting Li Professor of Economic Development, Department of Economics, Stanford University, and a senior fellow of the Hoover Institution on War, Revolution and Peace, the Institute for International Studies, and the Stanford Institute for Economic Policy Research, Stanford University. Mr. Lau received his Bachelor of Science degree in Physics and Economics, with Great Distinction, from Stanford University in 1964 and his Master of Arts and Doctorate of Philosophy degrees in Economics from the University of California at Berkeley in 1966 and 1969 respectively. Mr. Lau joined the faculty of the Department of Economics, Stanford University in 1966 and became a full professor in 1976. In 1992, he was named the first Kwoh-Ting Li Professor of Economic Development at Stanford University. From 1992 to 1996, he served as a Co-Director of the Asia/Pacific Research Centre, Stanford University. From 1997 to 1999, he served as the director of the Stanford Institute for Economic Policy Research, Stanford University.

Mr. Paul Laurence Saffo, aged 48. A Director and Roy Amara Fellow at the Institute For The Future, Mr. Saffo is a technology forecaster studying long-term information technology trends and their impact on business and society. Mr. Saffo serves on a variety of boards and advisory panels, including the AT&T Technology Advisory Board, and the advisory boards of Coactive Networks and Digital Island. He was a 1997 McKinsey Judge for The Harvard Business Review, and in the same year was named one of one hundred “Global Leaders for Tomorrow” by the World Economic Forum. In 2000, Mr. Saffo was elected a Member of the Royal Swedish Academy of Engineering Sciences. Institute For the Future is a 30-year old foundation that provides strategic planning and forecasting services to major corporations and government agencies. Mr. Saffo holds degrees from Harvard College, Cambridge University and Stanford University.

- (h) The authorised share capital of the Company is HK\$100,000,000.00 divided into 1,000,000,000 shares of HK\$0.10 each. As at the Latest Practicable Date, the issued share capital of the Company was HK\$85,380,000.00 divided into 853,800,000 shares.

For all intents and purposes, the English text of this document shall prevail over the Chinese text.