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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 licensed securities dealer, 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 and the accompanying form to the purchaser or to the bank, a licensed securities dealer 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**

**EXCLUSIVE OPERATION OF  
TRANSPORT RELATED ADVERTISING MEDIA  
WITHIN MAINLAND CHINA**

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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.

16th January, 2004

\* For identification purpose only

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## CHARACTERISTICS OF THE GEM

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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.*

“Advertising Media”	Advertising Media Portfolio 1, 2, 3 and 4 taken collectively
“Advertising Media Portfolio 1”	the advertising media on bus exteriors relating to PRC Party 1 referred to in Agreement 1
“Advertising Media Portfolio 2”	the advertising media on bus exteriors relating to PRC Party 2 referred to in Agreement 2
“Advertising Media Portfolio 3”	the advertising media on bus exteriors relating to PRC Party 3 referred to in Agreement 3
“Advertising Media Portfolio 4”	the advertising media on bus exteriors relating to PRC Party 4 referred to in Agreement 4
“Agreement 1”	an agreement relating to the Advertising Media Portfolio 1 entered into between Shanghai MPI and PRC Party 1 on 26th December, 2003
“Agreement 2”	an agreement relating to the Advertising Media Portfolio 2 entered into between Shanghai MPI and PRC Party 2 on 27th December, 2003
“Agreement 3”	an agreement relating to the Advertising Media Portfolio 3 entered into between Shanghai MPI and PRC Party 3 on 28th December, 2003
“Agreement 4”	an agreement relating to the Advertising Media Portfolio 4 entered into between Shanghai MPI and PRC Party 4 on 29th December, 2003
“Agreements”	Agreement 1, 2, 3 and 4 taken collectively
“Board”	the board of Directors
“Company”	Media Partners International Holdings Inc., a company incorporated in the Cayman Islands and whose shares are listed on GEM

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## DEFINITIONS

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“Director(s)”	the director(s) of the Company including independent non-executive Directors
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	13th January, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“MSCV”	Morningside CyberVentures Holdings Limited, a private company incorporated in the British Virgin Islands with limited liability
“Mainland China”	the PRC, which for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“PRC”	the People’s Republic of China
“PRC Party 1”	上海巴士電車有限公司 (Shanghai Bus & Electric Bus Company Limited) being a limited liability company organized and existing under the laws of the PRC and 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
“PRC Party 2”	上海巴士一汽公共交通有限公司 (Shanghai Bus No. 1 Public Transport Company Limited) being a limited liability company organized and existing under the laws of the PRC and 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

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## DEFINITIONS

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“PRC Party 3”	上海巴士四汽公共交通有限公司 (Shanghai Bus No. 4 Public Transport Company Limited) being a limited liability company organized and existing under the laws of the PRC and 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
“PRC Party 4”	上海巴士新新汽車服務有限公司 (Shanghai Bus Xinxin Automobile Services Company Limited) being a limited liability company organized and existing under the laws of the PRC and 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
“PRC Parties”	PRC Party 1, 2, 3 and 4 taken collectively
“Prospectus”	the prospectus of the Company dated 15th January, 2002
“SFO”	the Securities and Futures Ordinance Chapter 571 of the laws of Hong Kong
“Shareholders”	holder(s) of shares of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 7th January, 2002
“Shanghai MPI”	Shanghai Media Partners International Ltd. (上海梅迪派勒廣告有限公司), a subsidiary of the Company being a sino-foreign co-operative joint venture established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*In this circular, for information purpose only, amounts in RMB have been translated into HK\$ at the following rate: HK\$1.00 = RMB1.06.*

*The English names of the PRC Parties do not form part of their official names, are not officially recognized translations and provided in this circular for identification purpose only.*

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## LETTER FROM THE BOARD

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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)*

*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. Meocre Kwok Wing Li  
Mr. Paul Laurence Saffo

*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

16th January, 2004

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION**

#### **EXCLUSIVE OPERATION OF TRANSPORT RELATED ADVERTISING MEDIA WITHIN MAINLAND CHINA**

#### **INTRODUCTION**

On 31st December, 2003, the Company announced that Shanghai MPI, a subsidiary of the Company, entered into the following legally binding agreements after a series of separate arm's length negotiations with various third parties being 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:—

Agreement 1 with PRC Party 1 dated 26th December, 2003, relating to the exclusive operation of the Advertising Media Portfolio 1 presently including 1005 buses running along 30 different routes (presently in operation) in Shanghai for a term of 10 years and 6 months commencing from 1st January, 2004.

\* For identification purpose only

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## LETTER FROM THE BOARD

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Agreement 2 with PRC Party 2 dated 27th December, 2003, relating to the exclusive operation of the Advertising Media Portfolio 2 presently including 862 buses running along 41 different routes (presently in operation) in Shanghai for a term of 10 years and 6 months commencing from 1st January, 2004

Agreement 3 with PRC Party 3 dated 28th December, 2003 relating to the exclusive operation of the Advertising Media Portfolio 3 presently including 804 buses running along 33 different routes (presently in operation) in Shanghai for a term of 10 years and 6 months commencing from 1st January, 2004.

Agreement 4 with PRC Party 4 dated 29th December, 2003 relating to the exclusive operation of the Advertising Media Portfolio 4 presently including 849 buses running along 35 different routes (presently in operation) in Shanghai for a term of 11 years commencing from 1st January, 2004.

The purpose of this circular is to provide Shareholders with information relating to the Agreements.

### **Agreement with PRC Party 1 (“Agreement 1”)**

#### **Date**

26th December, 2003

#### **Parties**

PRC Party 1

Shanghai MPI

### **Important terms of the Agreement 1**

#### **Term**

The term of the Agreement 1 shall be 10 years and 6 months, commencing from 1st January 2004 to 30th June 2014, with a 6-month rent-free advertising promotion period.

### **Advertising Media Portfolio 1 and Scope**

The Advertising Media Portfolio 1 presently including 1005 buses running along 30 different routes (presently in operation) in Shanghai.



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## LETTER FROM THE BOARD

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Shanghai MPI will receive all the revenues derived from its exclusive operation of the Advertising Media Portfolio 1 under the Agreement 1 and will not be involved in the passenger transportation operations of the PRC Party 1.

### **Consideration**

The rental payable under the Agreement 1 shall be RMB11,000,000 (equivalent to HK\$10,377,358) annually (the “Annual Rental 1”), having been determined after arm’s length negotiations and being generally in line with the Group’s present assessment of the future development and growth of the outdoor advertising market in Shanghai, and payable on a monthly basis by Shanghai MPI to the PRC Party 1 for the entire term of the Agreement 1.

The number of buses actually deployed for the purposes of the Agreement 1 shall be subject to verification annually by Shanghai MPI and the PRC Party 1 on a joint basis. In the event that the actual number of such buses confirmed by such annual verification is 5% more or less than the number of buses so deployed in the immediately preceding year, the Annual Rental 1 shall be adjusted by an amount calculated on the basis of the number of buses exceeding the range of 5% being multiplied by average rental chargeable per bus (with variation within 5% not being subject to such adjustment).

### **Option to Renew**

Upon expiration, Shanghai MPI shall be entitled, on a priority basis based on comparable terms offered to other parties, to renew the Agreement 1.

### **Early Termination**

The Agreement 1 may be terminated prior to its expiration by either of the parties (as applicable) due to the occurrence of unforeseen developments rendering non performance but without material default on the part of the non performing party or by mutual consent in writing.

### **Agreement with PRC Party 2 (“Agreement 2”)**

#### **Date**

27th December, 2003

#### **Parties**

PRC Party 2

Shanghai MPI

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## LETTER FROM THE BOARD

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### **Important terms of the Agreement 2**

#### **Term**

The term of the Agreement 2 shall be 10 years and 6 months, commencing from 1st January 2004 to 30th June 2014, with a 6-month rent-free advertising promotion period.

#### **Advertising Media Portfolio 2 and Scope**

The Advertising Media Portfolio 2 presently including 862 buses running along 41 different routes (presently in operation) in Shanghai.

Shanghai MPI will receive all the revenues derived from its exclusive operation of the Advertising Media Portfolio 2 under the Agreement 2 and will not be involved in the passenger transportation operations of the PRC Party 2.

#### **Consideration**

The rental payable under the Agreement 2 shall be RMB6,500,000 (equivalent to HK\$6,132,075) annually (the "Annual Rental 2") having been determined after arm's length negotiations and being generally in line with the Group's present assessment of the future development and growth of the outdoor advertising market in Shanghai, and payable on a quarterly basis by Shanghai MPI to the PRC Party 2 for the entire term of the Agreement 2.

The number of buses actually deployed for the purposes of the Agreement 2 shall be subject to verification annually by Shanghai MPI and the PRC Party 2 on a joint basis. In the event that the actual number of such buses confirmed by such annual verification is 5% more or less than the number of buses deployed in the immediately preceding year, the Annual Rental 2 shall be adjusted by an amount calculated on the basis of the number of buses exceeding the range of 5% being multiplied by the average rental chargeable per bus (with variation within 5% not being subject to such adjustment).

#### **Option to Renew**

Upon expiration, Shanghai MPI shall be entitled, on a priority basis based on comparable terms offered to other parties, to renew the Agreement 2.

#### **Early Termination**

The Agreement 2 may be terminated prior to its expiration by either of the parties (as applicable) due to the occurrence of unforeseen developments rendering non performance but without material default on the part of the non performing party or by mutual consent in writing.

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## LETTER FROM THE BOARD

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### **Agreement with PRC Party 3 (“Agreement 3”)**

#### **Date**

28th December, 2003

#### **Parties**

PRC Party 3

Shanghai MPI

### **Important terms of the Agreement 3**

#### **Term**

The term of the Agreement 3 shall be 10 years and 6 months, commencing from 1st January 2004 to 30th June 2014, with a 6-month rent-free advertising promotion period.

#### **Advertising Media Portfolio 3 and Scope**

The Advertising Media Portfolio 3 presently including 804 buses running along 33 different routes (presently in operation) in Shanghai.

Shanghai MPI will receive all the revenues derived from its exclusive operation of the Advertising Media Portfolio 3 under the Agreement 3 and will not be involved in the passenger transportation operations of the PRC Party 3.

#### **Consideration**

The rental payable under the Agreement 3 shall be RMB9,000,000 (equivalent to HK\$8,490,566) annually (the “Annual Rental 3”) having been determined after arm’s length negotiations and being generally in line with the Group’s present assessment of the future development and growth of the outdoor advertising market in Shanghai and, payable on a quarterly basis by Shanghai MPI to the PRC Party 3 for the entire term of the Agreement 3.

The number of buses actually deployed for the purposes of the Agreement 3 shall be subject to verification annually by Shanghai MPI and the PRC Party 3 on a joint basis. In the event that the actual number of such buses confirmed by such annual verification is 5% more or less than the number of buses deployed in the immediately preceding year, the Annual Rental 3 shall be adjusted by an amount calculated on the basis of the number of bus exceeding the range of 5% being multiplied by of the average rental chargeable per bus (with variation within 5% not being subject to such adjustment).

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## LETTER FROM THE BOARD

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### **Option to Renew**

Upon expiration, Shanghai MPI shall be entitled, on a priority basis based on comparable terms offered to other parties, to renew the Agreement 3.

### **Early Termination**

The Agreement 3 may be terminated prior to its expiration by either of the parties (as applicable) due to the occurrence of unforeseen developments rendering non performance but without material default on the part of the non performing party or by mutual consent in writing.

### **Agreement with PRC Party 4 (“Agreement 4”)**

#### **Date**

29th December, 2003

#### **Parties**

PRC Party 4

Shanghai MPI

### **Important terms of the Agreement 4**

#### **Term**

The term of the Agreement 4 shall be 11 years, commencing from 1st January 2004 to 31st December 2014, with a 1 year rent-free advertising promotion period.

### **Advertising Media Portfolio 4 and Scope**

The Advertising Media Portfolio 4 presently includes 849 buses running along 35 different routes (presently in operation) in Shanghai.

Shanghai MPI will receive all the revenues derived from its exclusive operation of the Advertising Media Portfolio 4 under the Agreement 4 and will not be involved in the passenger transportation operations of the PRC Party 4.

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## LETTER FROM THE BOARD

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### Consideration

The rental payable under the Agreement 4 shall be RMB15,950,000 (equivalent to HK\$15,047,170) annually having been determined after arm's length negotiations and being generally in line with the Group's present assessment of the future development and growth of the outdoor advertising market in Shanghai and payable on a quarterly basis by Shanghai MPI to the PRC Party 4 for the entire term of the Agreement 4.

### Option to Renew

Upon expiration, Shanghai MPI shall be entitled, on a priority basis based on comparable terms offered to other parties, to renew the Agreement 4.

### Early Termination

The Agreement 4 may be terminated prior to its expiration by either of the parties (as applicable) due to the occurrence of unforeseen developments rendering non performance but without material default on the part of the non performing party or by mutual consent in writing.

### Background of the PRC Parties

Each of the PRC Parties is a limited liability company organized and existing under the laws of the PRC with their respective scope of business being the provision of passenger transportation services within Shanghai.

Based on information presently available to the Group, the PRC Parties and the principal investor of the PRC Parties listed below are 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 and the following represent the present ownership status of each of the PRC Parties:–

1. PRC Party 1
  - (i) 上海巴士實業(集團)股份有限公司 (officially known as "Shanghai Bashi Industrial (Group) Co., Ltd.") (*Note*) 47.727%
  - (ii) other independent third parties 52.273%
2. PRC Party 2
  - (i) 上海巴士實業(集團)股份有限公司 (officially known as "Shanghai Bashi Industrial (Group) Co., Ltd.") 90%
  - (ii) an independent third party 10%

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## LETTER FROM THE BOARD

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### 3. PRC Party 3

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|---|-----|
| (i) 上海巴士實業(集團)股份有限公司<br>(officially known as “Shanghai Bashi Industrial (Group) Co., Ltd.”) | 51% |
| (ii) an independent third party   | 49% |

### 4. PRC Party 4

- |   |     |
|---|-----|
| (i) 上海巴士實業(集團)股份有限公司<br>(officially known as “Shanghai Bashi Industrial (Group) Co., Ltd.”) | 90% |
| (ii) an independent third party   | 10% |

*Note:*

上海巴士實業(集團)股份有限公司 (officially known as “Shanghai Bashi Industrial (Group) Co., Ltd.”) is a limited liability company organized and existing under the laws of the PRC whose shares are listed on the Shanghai Stock Exchange and is presently engaged in the provision of passenger transportation services.

## REASONS FOR ENTERING INTO THE AGREEMENTS

The Group manages and operates a prominent network of outdoor advertising media in the Mainland China 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.

The Board considers that the inclusion of the Advertising Media will enlarge the Group’s existing bus media portfolio and market share in Shanghai. Thus, further strengthening the Group’s overall market position in the PRC, especially in the transport sector. The entering into the Agreements by the Group is in line generally with the statements of business objectives in the Prospectus and the existing business of the Company under GEM Rule 17.25.

## GENERAL

The Board considers that the Agreements are entered into on normal commercial terms in the ordinary and usual course of business of the Group and that the terms of the Agreements are fair and reasonable and in the interests of the Group so far as the Shareholders are concerned. As the aggregate annual rental payment paid by Shanghai MPI pursuant to the Agreements should represent more than 15% of the latest published adjusted net tangible assets of the Group, the Agreements 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 enquiries, 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**

As at Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company 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 were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:–

**(1) Long positions in the shares of the Company**

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate percentage of shareholding in issue
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
To Pik Shan, Winnie	Beneficial Owner	12,800,000	–	–	–	12,800,000	1.5%



**(2) Long positions in the underlying shares of the Company**

The interests in the underlying shares of the Company arise from unlisted share options (physically settled equity derivatives) granted to the Directors of the Company under the Company's Share Option Scheme, details of which are as follows:–

Name of Director	Date of Grant	Subscription price per share	Aggregate long position in underlying shares of the Company	Approximate percentage of shareholding in issue
To Pik Shan, Winnie	14th Aug, 2002	HK\$0.62	8,538,000 (Notes)	1%

Notes:

1. The above interest constitutes a long position of the Director in a physically settled equity derivative for the purposes of the SFO.
2. As at 1st January, 2004 (being the beginning of the Company's current financial year) and the Latest Practicable Date, the outstanding options held by Ms To Pik Shan, Winnie under the Company's Share Option Scheme were options for 8,538,000 shares and 8,538,000 shares in the Company respectively. These options were granted on 14th August, 2002 and, subject to the terms of the Company's Share Option Scheme, vest over four years and may be exercised from 14th August, 2003 to 13th August, 2012 at an exercise price of HK\$0.62 per share.

**(3) Aggregate long position in the shares and underlying shares of the Company**

Name of Director	Aggregate number in shares	Aggregate number in underlying shares	Total	Approximate percentage of shareholding in issue
To Pik Shan, Winnie	12,800,000	8,538,000	21,338,000	2.5%

Save as disclosed herein and as at the Latest Practicable Date, none of the Directors or chief executive or their respective associates of the Company had any other interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are 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 or short positions which he is taken or deemed to have

under such provisions of the SFO) or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to rules 5.40 to 5.58 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or 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 expected, directly or indirectly, to be interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group and set out below are also details of the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital:—

Name	Types of interests held	Approximate percentage of shares to be issued as a percentage of the Company's issued share capital as at the Latest Practicable Date
MSCV ( <i>Note a</i> )	1. 626,550,000 shares in the Company;	73.38%
	2. HK\$85,000,000 convertible bond exercisable at HK\$1.21 per share. When fully converted, a total of 70,247,933 shares in the Company will be issued	8.23%
Verrall Limited via MSCV ( <i>Note b</i> )	same as MSCV	Same as MSCV
Mdm Chan Tan Ching Fen ( <i>Note c</i> )	same as MSCV	Same as MSCV

All of the above interests of MSCV, Verrall Limited and Mdm Chan Tan Ching Fen constitute long positions under the SFO. The abovementioned convertible bond represents an interest in physically settled equity derivatives.

*Notes:*

- (a) MSCV is wholly-owned by Verrall Limited.
- (b) Verrall Limited, is the trustee of a discretionary trust established by Mdm Chan Tan Ching Fen, the mother of Gerald Lokchung Chan. None of the discretionary objects of this trust are Directors nor are they otherwise involved in the management of the Group.
- (c) Mdm Chan Tan Ching Fen is interested in the shares of the Company in her capacity as founder of the trust (as that term is defined in the SFO) referred to in note (b) above.

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:—

<b>Name of subsidiaries</b>	<b>Name of shareholders</b>	<b>No. and class of shares held</b>	<b>Percentage of shareholding</b>
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%

Save as disclosed herein and as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 and Part XV of the SFO, or who was expected, directly or indirectly, to be interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

#### 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 each 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 shall continue thereafter unless and until, inter alia, 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.

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

Save as disclosed above, none of the Directors has entered into any service contract 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 Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, 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 the 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 the 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 in United Kingdom 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 48, 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 that, Mr. Li was the Chief Executive of NatWest Markets Corporate Finance Asia Limited, and before joining NatWest, he was 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 at 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, United Kingdom.

Mr. Lawrence Juen-Yee Lau, aged 59, 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 Center, Stanford University. From 1997 to 1999, he was a director of the Stanford Institute for Economic Policy Research, Stanford University.

Mr. Paul Laurence Saffo, aged 49, is a forecaster and strategist advising a wide range of global clients on the long-term impact of emerging technologies on business and society. Mr. Saffo also serves on various boards and advisory panels including the Stanford Advisory Council on Science, Technology and Society, the Editorial Advisory Board of Business 2.0, and the boards of Groxis Inc, and the Long Now Foundation. Mr. Saffo holds degrees from the 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.