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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)*

**Stock Code: 8072**

**MAJOR TRANSACTION**

**in respect of the establishment a sino-foreign joint venture and long term advertising rights exclusively secured within Nanjing Metro Line 1 (Phase I) in the People's Republic of China**

Further to an Announcement on 18th November, 2003, the Board is pleased to announce that on 21st July, 2004, MPIL, a wholly-owned subsidiary of the Company, has entered into a Joint Venture Agreement with the Nanjing Metro Industrial Co., an independent third party, under which, inter alia, MPIL and Nanjing Metro Industrial Co. have agreed to jointly establish Nanjing Metro MPI in Mainland China.

The total investment for Nanjing Metro MPI would be RMB120,000,000 (approximately HK\$113,207,547). The registered capital for Nanjing Metro MPI would be RMB60,000,000 (approximately HK\$56,603,773) of which (i) RMB58,800,000 (approximately HK\$55,471,698) would be contributed in cash by MPIL; (ii) RMB1,200,000 (approximately HK\$1,132,075) would be contributed in cash by Nanjing Metro Industrial Co. The capital contribution by MPIL would be funded by the internal resources of the Group.

In addition, Nanjing Metro MPI would, upon its approval by the relevant PRC regulatory authorities subject to such conditions as they may consider appropriate and formal establishment, enter into the Metro Media Agreement with MPIL and Nanjing Metro Co. to secure long term advertising rights within Nanjing Metro Line 1 (Phase 1), which Nanjing Metro MPI would be exclusively entitled for a period of 18 years commencing from the official operation of the Nanjing Metro Line 1 (Phase 1). Securing such advertising rights would be within the scope of Nanjing Metro MPI's proposed outdoor advertising agency business and would entitle the Group to market advertising media within Nanjing Metro Line 1 (Phase 1) to both domestic and international advertisers and advertising agencies.

The above transactions constitute a major transaction under Chapter 19 of the GEM Listing Rules. On 21st July, 2004, the Company received a related written approval from a shareholder, namely MSCV, being the substantial shareholder of the Company (representing approximately 73.38% in nominal value of the Company giving the right to attend and vote at the general meetings of the Company), which have no interest in the above transactions other than through their equity interests in the Company. No shareholder is required to abstain from voting on the relevant resolution should an extraordinary general meeting be held. Accordingly, no extraordinary general meeting is required to be held to consider the above transactions pursuant to Rule 19.44 of the GEM Listing Rules.

A circular containing, amongst other things, further information about the matters set out herein will be dispatched to the shareholders of the Company as soon as practicable.

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:30 a.m. on 22nd July, 2004, pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading with effect from 9:30 a.m. on 26th July, 2004.

## **I. ESTABLISHMENT OF A JOINT VENTURE**

The Board is pleased to announce that on 21st July, 2004, MPIL, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Nanjing Metro Industrial Co. (which together with its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company as defined in the GEM Listing Rules), pursuant to which, inter alia, MPIL and Nanjing Metro Industrial Co. have agreed to establish a sino-foreign co-operative joint venture advertising agency in Mainland China.

### **Principal terms of the Joint Venture Agreement**

#### **Date**

21st July, 2004

#### **Parties**

Nanjing Metro Industrial Co., an independent third party  
MPIL

#### **Establishment of Nanjing Metro MPI**

Pursuant to the Joint Venture Agreement and subject to relevant approvals by the related PRC regulatory authorities which may be subject to such conditions as they may consider appropriate, MPIL and Nanjing Metro Industrial Co. have agreed to jointly establish a sino-foreign co-operative joint venture enterprise tentatively named as “Nanjing Metro Media Partners Advertising Co., Ltd (南京地鐵媒體伯樂廣告有限公司)”.

#### **Business Scope of Nanjing Metro MPI**

It would be engaged in the outdoor advertising agency business in Mainland China with its establishment being principally for entering into the Metro Media Agreement relating to the long term advertising rights within Nanjing Metro Line 1 (Phase 1) and marketing of associated advertising media.

#### **Term of Nanjing Metro MPI**

18 years from the date of issue of its business licence.

#### **Capital contribution**

- (a) Total investment : RMB120,000,000 (approximately HK\$113,207,547)
- (b) Registered capital: RMB60,000,000 (approximately HK\$56,603,773) of which RMB58,800,000 (approximately HK\$55,471,698) would be contributed in cash by MPIL and RMB1,200,000 (approximately HK\$1,132,075)

would be contributed in cash by Nanjing Metro Industrial Co. MPIL would pay up its portion of registered capital in phases as follows:–

- a) Within 90 days from the date of issue of business licence, MPIL would pay RMB29,400,000 (approximately HK\$27,735,849).
- b) In second year from the date of issue of the business, MPIL would pay RMB19,600,000 (approximately HK\$18,490,566).
- c) In third year from the date of issue of business licence, MPIL would pay the balance of RMB9,800,000 (approximately HK\$9,245,283).

The capital contribution by MPIL would be funded by internal resources of the Group. The proportions to be contributed by each of the parties were determined as a result of negotiation between them on arm's length basis and on normal commercial terms, taking into account their respective financial resources and the future development of the joint venture.

### **Profit sharing arrangement**

MPIL and Nanjing Metro Industrial Co. would share the profits in proportion to their capital contribution in Nanjing Metro MPI.

### **Distribution upon liquidation**

After settling all its liabilities, the remaining assets of Nanjing Metro MPI would be distributed to the parties in proportion to their capital contribution in Nanjing Metro MPI.

### **Board of Directors and Senior Management**

The board of directors of Nanjing Metro MPI would consist of 5 directors, of which 3 would be nominated by MPIL and 2 would be nominated by Nanjing Metro Industrial Co. The chairman of the board of Nanjing Metro MPI would be nominated by Nanjing Metro Industrial Co. and the deputy chairman would be nominated by MPIL respectively. The general manager (who would be responsible for overall operations of Nanjing Metro MPI) would be nominated by MPIL.

## **II. LONG TERM ADVERTISING RIGHTS EXCLUSIVELY SECURED BY NANJING METRO MPI**

The Board further announced that Nanjing Metro MPI would, upon its approval by the relevant PRC regulatory authorities subject to such conditions as they may consider appropriate and formal establishment, enter into the Metro Media Agreement with MPIL and Nanjing Metro Co. to secure long term advertising rights within Nanjing Metro Line 1 (Phase 1), to which Nanjing Metro MPI would be exclusively entitled for a period of 18 years commencing from the official operation of the Nanjing Metro Line 1 (Phase 1) in consideration for the following payments. Securing such advertising rights would be within the scope of Nanjing Metro MPI's proposed outdoor advertising agency business and would entitle the Group to market advertising media within Nanjing Metro Line 1 (Phase 1) to both domestic and international advertisers and advertising agencies.

### *Upfront payment for securing long term advertising rights*

The Group would make a total payment of RMB120 million (equivalent to approximately HK\$113.2 million) to Nanjing Metro Co. Such amount would be paid by quarterly instalments and fully paid within the first three years from the official operation date of Nanjing Metro Line 1 (Phase 1).

### *Recurring rental payment for advertising media*

The Group would also make a total payment of RMB25 million (equivalent to approximately HK\$23.6 million) to Nanjing Metro Co. for renting the advertising media within Nanjing Metro Line 1 (Phase 1) for a term of 18 years commencing from the official operation of the Nanjing Metro Line 1 (Phase 1). Such advertising media rental would be paid by quarterly instalments over the term of the Metro Media Agreement.

### *Revenue and profit allocation arrangement*

From the fourth year after the official operation of Nanjing Metro Line 1 (Phase 1), Nanjing Metro MPI would make annual payments to Nanjing Metro Co. equal to 25% of the revenue generated from the marketing of the abovementioned advertising media within Nanjing Metro Line 1 (Phase 1).

From the fourth year after the official operation of Nanjing Metro Line 1 (Phase 1), Nanjing Metro Co. would be entitled to certain profit generated from the marketing of the abovementioned advertising media within Nanjing Metro Line 1 (Phase 1). The average annual profit sharing percentage enjoyed by Nanjing Metro Co. over the term of Metro Media Agreement is approximately 40%.

### **Preliminary Information on Nanjing Metro Line 1 (Phase 1) in Nanjing**

The following information relating to the Nanjing Metro Line 1 (Phase 1) in Nanjing has been recently provided to the Group by Nanjing Metro Industrial Co.:

From	:	Olympic Sports Centre, Nanjing City, PRC
To	:	Maigaoqiao, Nanjing City, PRC
Number of stations	:	16
Status	:	Basic construction work of Nanjing Metro Line 1 (Phase 1) completed and is expected to be fully operational around September of 2005.

### **BACKGROUND OF NANJING METRO INDUSTRIAL CO. AND NANJING METRO CO.**

Based on recent information made available to the Group:

- (1) Nanjing Metro Industrial Co., is a limited liability company organized and existing under the laws of the PRC which is independent from the Company and the Directors, chief executive, substantial Shareholders or management Shareholders or any of their respective associates as

defined under the GEM Listing Rules. It is engaged, inter alia, in civil engineering and railway engineering construction and associated activities. Nanjing Metro Industrial Co. is wholly held by Nanjing Metro Co.; and

- (2) Nanjing Metro Co. is a limited liability company organized and existing under the laws of the PRC which is independent from the Company and the Directors, chief executive, substantial Shareholders or management Shareholders or any of their respective associates as defined under the GEM Listing Rules. It is engaged, inter alia, rail engineering construction, rail transport operation and associated activities and the project owner of Nanjing Metro Line 1 (Phase 1).

## **REASONS FOR ENTERING INTO THE TRANSACTIONS**

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 the Greater China through offering a comprehensive range of media and related services to satisfy the advertising communication needs of advertisers.

The Directors consider that the establishment of Nanjing Metro MPI will strengthen the Group's existing outdoor media network in the Mainland China, especially in the transport sector. With the successful entry into Nanjing Metro Line 1 (Phase 1) in Nanjing, the Group reaches another important milestone in its planned expansion within the PRC. This is a move contemplated in the statements of business objectives in the Prospectus. Together with its existing long term advertising rights in Shanghai Metro Line 1 and Guangzhou Metro Line 1 as disclosed in the Prospectus, Beijing Light Rail System and Hong Kong Airport Express Line, the Group will have a presence in the metro and light rail systems in five major metropolitan cities in the PRC.

## **GENERAL**

The Directors consider the Joint Venture Agreement and the Metro Media Agreement as being secured on normal commercial terms in the ordinary and usual course of business of the Group and that the terms of such agreements are fair and reasonable and in the interests of the Group so far as the shareholders of the Company are concerned.

The above transactions constitute a major transaction under Chapter 19 of the GEM Listing Rules. On 21st July, 2004, the Company received a related written approval from a shareholder, namely MSCV (representing approximately 73.38% in nominal value of the Company giving the right to attend and vote at the general meetings of the Company), which have no interest in the above transactions other than through their equity interests in the Company. No shareholder is required to abstain from voting on the relevant resolution should an extraordinary general meeting be held. Accordingly, no extraordinary general meeting is required to be held to consider the above transactions pursuant to Rule 19.44 of the GEM Listing Rules.

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## Definitions

“Board”	Means the board of Directors of the Company
“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 (including Nanjing Metro MPI to be established)
“HK\$”	Means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Means the Hong Kong Special Administrative Region of the PRC
“Joint Venture Agreement”	Means a sino foreign co-operative joint venture agreement entered into between MPIL and Nanjing Metro Industrial Co. on 21st July, 2004 for the establishment of Nanjing Metro MPI
“Mainland China”	The PRC, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“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
“MSCV”	Means Morningside CyberVentures Holdings Limited, a private company incorporated in the British Virgin Islands with limited liability
“Metro Media Agreement”	Means an agreement dated 21st July, 2004 between Nanjing Metro MPI, MPIL and Nanjing Metro Co. relating to long term advertising rights within Nanjing Metro Line 1 (Phase I) exclusively secured by Nanjing Metro MPI for a term of 18 years (becoming effective as to Nanjing Metro MPI upon its formal establishment)

“Nanjing Metro MPI”	Means Nanjing Metro Media Partners Advertising Co. Ltd. 南京地鐵媒體伯樂廣告有限公司, the sino-foreign co-operative joint venture enterprise with limited liability to be established in Mainland China pursuant to the Joint Venture Agreement
“Nanjing Metro Co.”	Means 南京地下鐵道有限責任公司 (informally translated for present purposes as “Nanjing Metro Company Limited”) a limited liability company established under the laws of the PRC which is independent from the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective subsidiaries or associates as defined under the GEM Listing Rules
“Nanjing Metro Industrial Co.”	Means 南京城市地鐵實業有限公司 (informally translated for present purposes as “Nanjing Metro Transit Railway Industrial Company Limited”) a limited liability company established under the laws of the PRC which is independent from the Company, the Directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective subsidiaries or associates as defined under the GEM Listing Rules.
“PRC”	Means the People’s Republic of China
“Prospectus”	Means the prospectus of the Company dated 15th January, 2002
“RMB”	Means Renminbi, the lawful currency of PRC
“Stock Exchange”	Means The Stock Exchange of Hong Kong Limited

HK\$1 = RMB1.06

By order of the Board  
**Law Cheuk Kin, Stephen**  
*Company Secretary*

Hong Kong, 23rd July, 2004

*As at the date hereof, the executive directors of the Company are Mr. George Ka Ki Chang, Ms. Winnie Pik Shan To and Mr. Tony Cheung Kin Au-Yeung; the non-executive director is Mr. Gerald Lokchung Chan; the independent non-executive directors are Mr. Meocre Kwok Wing Li, Mr. Paul Laurence Saffo and Mr. Philip Tit Hon Hung.*

*This announcement, 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcement” page of the GEM website for at least 7 days from the day of its posting.*

\* *For identification only*