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

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

**If you have sold or transferred** all your shares in Next Media Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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**NEXTmedia**  
**NEXT MEDIA LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 0282)**

**PROPOSALS FOR  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
REFRESHMENT OF SCHEME MANDATE LIMIT  
ON A SHARE OPTION SCHEME OF A SUBSIDIARY,  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Next Media Limited. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

A notice convening the Annual General Meeting of Next Media Limited to be held at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong on Wednesday, 28 July 2004 at 11:30 a.m. is set out on pages 14 to 20 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the registered office of Next Media Limited at 8 Chun Ying Street, Tseung Kwan O Industrial Estate West, Tseung Kwan O, New Territories, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof should you so wish.

5 July 2004

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## DEFINITIONS

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*In this circular and the appendices to it, unless the context otherwise requires, the following expressions have the following meanings:*

“Adoption Date”	31 July 2002
“ADPDL”	Apple Daily Publication Development Limited, a private company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“ADPDL Share Option Scheme”	the share option scheme adopted by ADPDL on the Adoption Date
“ADPDL Shares”	ordinary shares of HK\$0.01 each in the capital of ADPDL, or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of ADPDL from time to time
“AGM Notice”	the notice convening the Annual General Meeting, which is set out on pages 14 to 20 of this circular
“Annual General Meeting”	the annual general meeting of the Company to be held on Wednesday, 28 July 2004 at 11:30 a.m.
“Articles of Association”	the memorandum and articles of association of the Company as amended, supplemented or modified from time to time
“Board”	the board of directors of the Company
“Company”	Next Media Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 32), as amended from time to time
“Controlling Shareholder”	Mr. Lai Chee Ying, Jimmy who held 978,594,935 Shares, representing approximately 66.1 per cent. of the total issued Shares of the Company, as at the Latest Practicable Date

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## DEFINITIONS

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“Current Scheme Mandate Limit”	the maximum number of ADPDL Shares which may be issued upon exercise of all options to be granted under the ADPDL Share Option Scheme and any other share option scheme of ADPDL which shall not exceed 10 per cent. of the ADPDL Shares in issue on the Adoption Date
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	29 June 2004, the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Preference Share(s)”	2 per cent. convertible non-voting non-cumulative preference share(s) of HK\$1.75 each in the capital of the Company, all of which are beneficially owned by the Controlling Shareholder
“Refreshed Scheme Mandate Limit”	has the meaning given to that term in the paragraph entitled “Refreshment of Current Scheme Mandate Limit” in the Letter from the Board
“Repurchase Proposal”	the proposed general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution on the Stock Exchange, Shares representing up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of passing the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in Resolution No. 6 of the AGM Notice

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## DEFINITIONS

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“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571), as amended from time to time
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company, or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

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LETTER FROM THE BOARD

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**NEXTmedia**  
**NEXT MEDIA LIMITED**

*(Incorporated in Hong Kong with limited liability)*

*Executive Directors:*

Lai Chee Ying, Jimmy (*Chairman*)  
Ting Ka Yu, Stephen  
Ip Yut Kin  
Tung Chuen Cheuk

*Registered office:*

8 Chun Ying Street  
Tseung Kwan O Industrial Estate West  
Tseung Kwan O  
New Territories  
Hong Kong

*Independent Non-Executive Directors:*

Yeh V-nee  
Fok Kwong Hang, Terry  
Kao Kuen, Charles

5 July 2004

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
REFRESHMENT OF SCHEME MANDATE LIMIT  
ON A SHARE OPTION SCHEME OF A SUBSIDIARY,  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to give you notice of the Annual General Meeting to be held on Wednesday, 28 July 2004 and to provide you with information regarding resolutions to be proposed at the Annual General Meeting relating to (i) the re-election of Directors, (ii) the granting to the Directors of general mandates to allot and issue and repurchase Shares, (iii) the proposed refreshment of the Current Scheme Mandate Limit on a share option scheme of a subsidiary of the Company and (iv) the proposed amendments to the Articles of Association.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

Pursuant to Articles 84 and 85 of the Articles of Association, at every annual general meeting, one-third of the relevant number of Directors or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office. Accordingly, Mr. Lai Chee Ying, Jimmy will retire from office. Pursuant to Article 79 of the Articles of Association, the Board has the power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election (but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting). Accordingly, Mr. Tung Chuen Cheuk and Dr. Kao Kuen, Charles, who were appointed as Directors on 24 June 2003 and 11 November 2003 respectively, must retire from office.

Mr. Lai, Mr. Tung and Dr. Kao, being eligible, offer themselves for re-election at the Annual General Meeting. Details of such Directors are set out in Appendix I of this circular.

### GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 30 July 2003, a general mandate was granted to the Directors to exercise the power of the Company to allot, issue and deal with Shares (and securities convertible into Shares). This mandate will expire at the conclusion of the Annual General Meeting. Accordingly, an ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors a general mandate to allot, issue and deal with Shares (and securities convertible into Shares) with an aggregate nominal amount not exceeding 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the resolution. This 20 per cent. limit will not apply to Shares that may be issued pursuant to, inter alia, (i) a rights issue, and (ii) the exercise of subscription rights under any employee share option scheme.

### GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 30 July 2003, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase Shares representing up to a maximum of 10 per cent. of the aggregate nominal amount of the issued share capital of the Company. This mandate will expire at the conclusion of the Annual General Meeting. Accordingly, the Repurchase Resolution will be proposed at the Annual General Meeting. In accordance with the rules regulating the repurchase of securities on the Stock Exchange, an explanatory statement providing the requisite information relating to the Repurchase Proposal is set out in Appendix II of this circular.

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## LETTER FROM THE BOARD

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### EXTENSION OF SHARE ISSUE MANDATE

Subject to the passing at the Annual General Meeting of the Repurchase Resolution and the proposed resolution regarding the general mandate to issue Shares, an ordinary resolution will be proposed at the Annual General Meeting to approve the addition to the mandate to allot, issue and deal with new Shares (as referred to above) those number of Shares that may be repurchased by the Company under the Repurchase Resolution.

### REFRESHMENT OF CURRENT SCHEME MANDATE LIMIT

Pursuant to the ADPDL Share Option Scheme, the maximum number of ADPDL Shares which may be issued upon the exercise of all options to be granted under the ADPDL Share Option Scheme and any other share option scheme of ADPDL must not exceed the Current Scheme Mandate Limit (being 1,000,000 ADPDL Shares, which represent 10 per cent. of the ADPDL Shares in issue as at the Adoption Date). Apart from the ADPDL Share Option Scheme, ADPDL has no other share option scheme as at the Latest Practicable Date.

ADPDL may refresh the Current Scheme Mandate Limit at any time subject to the prior approval of its shareholders and, for so long as ADPDL remains a subsidiary of the Company, the prior approval of the Shareholders. The Current Scheme Mandate Limit so refreshed must not exceed 10 per cent. of the total number of issued shares as at the date of the grant of such approval (the “Refreshed Scheme Mandate Limit”). Options granted previously under the ADPDL Share Option Scheme and any other share option scheme (including those outstanding, cancelled, lapsed in accordance with its terms or exercised) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit.

Notwithstanding the foregoing, the overall limit on the number of ADPDL Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the ADPDL Share Option Scheme and other share option schemes must not exceed 30 per cent. of the ADPDL Shares in issue from time to time.

As at the Latest Practicable Date, the total number of ADPDL Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised (including options cancelled) under the ADPDL Share Option Scheme were 830,000 (representing 8.3 per cent. of the ADPDL Shares in issue). Unless the Current Scheme Mandate Limit is refreshed, only up to 170,000 ADPDL Shares may be issued pursuant to the grant of further options under the ADPDL Share Option Scheme.

As at the Latest Practicable Date, there were 10,000,000 ADPDL Shares in issue. Assuming that no further ADPDL Shares will be issued or repurchased prior to the date of approval of the Refreshed Scheme Mandate Limit by the Shareholders, ADPDL will be entitled under the Refreshed Scheme Mandate Limit to grant further options carrying the rights to subscribe for a maximum of 1,000,000 ADPDL Shares, representing 10 per cent. of the ADPDL Shares in issue as at the date of the Annual General Meeting.



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## LETTER FROM THE BOARD

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The Directors consider the refreshment of the Current Scheme Mandate Limit to be in the interests of the Company as it would enable the Group, through the grant of options to provide incentives to, and recognise the contribution of, the employees and the directors of ADPDL or any of ADPDL's subsidiaries going forward.

### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Directors seek your approval by way of special resolution to amend the Articles of Association in light of amendments to the Listing Rules which became effective on 31 March 2004. The amendments to the Listing Rules require, amongst other things, that the constitutions of all listed issuers conform with the following:

- (a) in relation to the minimum seven-day period for lodgement by shareholders of notice to nominate a director, such period shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting;
- (b) subject to certain exceptions, directors shall abstain from voting at a board meeting on any matter in which he or any of his associates (as defined in the Listing Rules) has a material interest and shall not be counted towards the quorum present at the relevant board meeting; and
- (c) where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The proposed amendments to the Articles of Association are set out in Resolution No. 9 in the AGM Notice on pages 17 to 19 of this circular.

### ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 14 to 20 of this circular. A form of proxy for use at the Annual General Meeting is enclosed.

The Register of Members of the Company will be closed from 26 July 2004 to 28 July 2004, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 23 July 2004.

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## LETTER FROM THE BOARD

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Pursuant to Article 61 of the Articles of Association, at any general meeting of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the general meeting;
- (b) at least three Shareholders present in person or by proxy and entitled to vote;
- (c) any Shareholder(s) present in person or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (d) any Shareholder(s) present in person or by proxy and holding Shares conferring a right to attend and vote at the Annual General 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.

### RECOMMENDATION

The Directors consider that the general mandate to allot, issue and deal with Shares, the Repurchase Proposal, the refreshment of the Current Scheme Mandate Limit on the ADPDL Share Option Scheme and the proposed amendments to the Articles of Association are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend all Shareholders to vote in favour of all of the resolutions to be proposed as special business at the Annual General Meeting.

The Controlling Shareholder has indicated that he intends to vote in favour of all of the resolutions to be proposed as special business in respect of his holding of Shares.

Yours faithfully,  
For and on behalf of the Board  
**Next Media Limited**  
**Stephen Ting**  
*Director*

**Pursuant to Articles 84 and 85, Mr. Lai Chee Ying, Jimmy shall retire at the Annual General Meeting (being a Director retiring by rotation) and, being eligible, offers himself for re-election at the Annual General Meeting. His details are as follows:**

**Mr. Lai Chee Ying, Jimmy**, aged 55, has been a Director and Chairman of the Company since October 1999 and December 1999 respectively, and is responsible for formulating the Group's corporate strategies. Before establishing *Next Magazine* in March 1990, Mr. Lai had a distinguished 30-year career in the local garment industry, setting up and running the hugely successful Giordano manufacturing and retail chain. In recent years, Mr. Lai has added several other popular titles to his stable of publications which include *Easy Finder* (September 1991), *Apple Daily* (June 1995), *Sudden Weekly* (August 1995) and *Eat & Travel Weekly* (July 1997). In October 1997, Mr. Lai underlined his commitment to the newspaper printing business with the establishment of Apple Daily Printing Limited.

Other than in his capacity as a Director and by virtue of his shareholding interests in the Company (details of which are described below), Mr. Lai has no business relationship with the other Directors, senior management or substantial shareholders (as defined in the Listing Rules) of the Company. (Madam Li Wan Kam, Teresa, the spouse of Mr. Lai, is deemed to be interested within the meaning of the Securities and Futures Ordinance in the Shares and Preference Shares held by Mr. Lai).

As at the Latest Practicable Date and as notified to the Company for the purposes of Part XV of the Securities and Futures Ordinance, Mr. Lai had a total interest in 978,594,935 Shares (of which 973,902,535 Shares represent personal interests and 4,692,400 Shares represent corporate interests) and 920,000,000 Preference Shares and he had a derivative interest in respect of 920,000,000 Shares, which represents Mr. Lai's entitlement to subscribe for 920,000,000 Shares upon conversion of the Preference Shares.

Prior to 1 September 2003, the Group provided Mr. Lai with a residence in Taiwan. Commencing on 1 September 2003, Mr. Lai entered into a service contract with the Taiwan branch of ADPDL pursuant to which he receives a monthly salary of NT\$215,000 (approximately HK\$50,200) which is entirely used for payment of the rental of his residence in Taiwan. The service contract is for a period of three years and either party may terminate such service contract by giving the other party six month's written notice or payment in lieu of notice. The Group also provides Mr. Lai with a residence in Hong Kong. Mr. Lai is also entitled to receive a Director's fee as may be approved by the Board.

**Pursuant to Article 79 of the Articles of Association, Mr. Tung Chuen Cheuk and Dr. Kao Kuen, Charles shall retire at the Annual General Meeting (being Directors appointed since the last annual general meeting of the Company) and, being eligible, offer themselves for re-election at the Annual General Meeting. Their details are as follows:**

**Mr. Tung Chuen Cheuk**, aged 62, was appointed as a Director of the Company on 24 June 2003.

Mr. Tung joined *Apple Daily* as Associate Publisher in January 1998 and was promoted to the position of Publisher in May 1999. In July 2002, Mr. Tung was appointed as Chairman of *Apple Daily* (Hong Kong and Taiwan). A graduate of Taiwan Provincial Cheng Kung University, Mr. Tung holds a Bachelor of Arts degree. His long and distinguished media career includes spells with BBC London, *Reader's Digest* and *Ming Pao*.

Other than in his capacity as a Director and by virtue of his shareholding interests in the Company (as described below), Mr. Tung has no business relationship with the other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date and as notified to the Company for the purposes of Part XV of the Securities and Futures Ordinance, Mr. Tung was interested in 1,766,800 Shares, of which 1,736,800 Shares represent personal interests and 30,000 Shares represent family interests. In addition, Mr. Tung had a derivative interest in respect of 2,536,000 Shares, which represents Mr. Tung's entitlement to subscribe for 2,536,000 Shares under the Company's share option scheme. Mr. Tung also had a derivative interest in respect of 50,000 ADPDL Shares within the meaning of Part XV of the Securities and Futures Ordinance, which represents Mr. Tung's entitlement to subscribe for 50,000 ADPDL Shares under the ADPDL Share Option Scheme.

Mr. Tung has a service contract with Apple Daily Limited, a wholly-owned subsidiary of the Company. Pursuant to his service contract, Mr. Tung is entitled to receive a monthly salary and other payments in the aggregate amount of HK\$228,572 on a 13-month basis together with a discretionary bonus pegged to performance. Such emoluments are determined by reference to job responsibilities, prevailing market conditions and the subsidiary's profitability. Mr. Tung is also entitled to receive a Director's fee as may be approved by the Board.

**Dr. Kao Kuen, Charles**, aged 70, was appointed as a Director on 11 November 2003.

Dr. Kao is the Chairman and Chief Executive Officer of ITX Services Limited and sits on a number of advisory committees to the Government of Hong Kong. Dr. Kao is also a director of Varitronix International Limited and SUNeVision Holdings Ltd. An early pioneer of optical fiber communications, Dr. Kao holds a Ph.D. from the University of London and served as Vice Chancellor of the Chinese University of Hong Kong between October 1987 and July 1996. Over the years, Dr. Kao has won many prestigious international honours and awards. They include the Stewart Ballantine Medal, Rank Prize, L.M. Ericsson International Prize, Alexander Graham Bell Medal, Marconi International Fellowship, Faraday Medal of IEE, the Japan Prize and the Charles Stark Draper Prize.

Other than in his capacity as a Director, Dr. Kao has no business relationship with the other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, the Company had not been notified by Dr. Kao of any interest in Shares for the purposes of Part XV of the Securities and Futures Ordinance.

Dr. Kao does not have a service contract with the Company. He has been appointed for a fixed term expiring on 31 March 2005, subject to the requirements of the Articles of Association relating to the rotation and re-election of Directors. Dr. Kao is entitled to receive a Director's fee as may be approved by the Board.

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## **APPENDIX II EXPLANATORY STATEMENT OF THE REPURCHASE PROPOSAL**

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This Appendix contains an explanatory statement, as required by the Listing Rules, to provide the requisite information to you for your consideration of the Repurchase Proposal. It also constitutes a memorandum as required under Section 49BA(3) of the Companies Ordinance.

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised of 1,480,674,881 Shares and 920,000,000 Preference Shares. The Preference Shares are not traded on the Stock Exchange. Subject to the passing of the Repurchase Resolution and on the basis that no other Shares are issued or repurchased between the Latest Practicable Date and the date of the approval of the Repurchase Proposal, the Company would be authorized under the Repurchase Resolution to repurchase a maximum of 148,067,488 Shares (representing not more than 10 per cent. of the issued share capital of the Company traded on the Stock Exchange as at the Latest Practicable Date).

### **2. REASONS FOR REPURCHASE**

The Directors believe that the Repurchase Proposal is in the best interests of the Company and the Shareholders. Repurchases of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of Shareholder value and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders.

### **3. FUNDING OF REPURCHASE**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association, the Listing Rules and the laws of Hong Kong. The Companies Ordinance provides that a share repurchase may only be made out of the distributable profits of the Company and/or the proceeds of a new issue of Shares.

A material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March 2004, the most recent published audited accounts of the Company) may occur in the event that the general mandate under the Repurchase Proposal is utilised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general mandate under the Repurchase Proposal to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

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**APPENDIX II EXPLANATORY STATEMENT OF THE REPURCHASE PROPOSAL**

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**4. SHARE PRICES**

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months prior to the Latest Practicable Date are as follows:

	<b>Shares</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
June 2003	2.575	1.930
July 2003	2.975	2.500
August 2003	3.550	2.925
September 2003	3.500	2.875
October 2003	3.625	3.200
November 2003	3.900	3.200
December 2003	4.100	3.500
January 2004	4.000	3.600
February 2004	3.950	3.000
March 2004	3.525	3.050
April 2004	3.450	2.900
May 2004	3.075	2.575

**5. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Repurchase Proposal and in accordance with the Listing Rules and the laws of Hong Kong.

**6. TAKEOVERS CODE**

If, on the exercise of the general mandate to repurchase Shares pursuant to the Repurchase Proposal, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and may, in certain circumstances, become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

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**APPENDIX II EXPLANATORY STATEMENT OF THE REPURCHASE PROPOSAL**

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As at the Latest Practicable Date, the Controlling Shareholder held 978,594,935 Shares representing approximately 66.1 per cent. of the issued ordinary share capital of the Company. As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, the Controlling Shareholder and Madam Li Wan Kam, Teresa, who is the spouse of the Controlling Shareholder and is deemed to be interested in the Shares held by the Controlling Shareholder, are the only persons who are interested in 10 per cent. or more of the issued Shares. The Preference Shares of the Company do not carry any voting rights and are not listed on the Stock Exchange.

In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Proposal, the shareholding of the Controlling Shareholder and the deemed interest of Madam Li Wan Kam, Teresa would be increased to approximately 73.4 per cent. of the issued ordinary share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Proposal.

#### **7. SHARES REPURCHASE MADE BY THE COMPANY**

The Company did not repurchase any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

#### **8. MISCELLANEOUS**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their respective associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries if the Repurchase Proposal is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) of the Company have notified it of a present intention to sell any Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders.

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## NOTICE OF ANNUAL GENERAL MEETING

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# **NEXTmedia**

## **NEXT MEDIA LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Next Media Limited (the “Company”) will be held at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong on Wednesday, 28 July 2004 at 11:30 a.m. for the purpose of transacting the following business:–

### **Ordinary business**

1. To receive, consider and adopt the Reports of the Directors and the Auditors and the audited Statement of Accounts for the year ended 31 March 2004.
2. To re-elect Directors.
3. To authorize the Directors to fix the remuneration of the Directors.
4. To re-appoint PricewaterhouseCoopers as auditors and to authorize the Directors to fix their remuneration.

### **Special business**

To consider and, if thought fit, pass the following as ordinary resolutions:–

5. **“THAT:**
  - (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all of the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants and securities convertible or exercisable into shares of the Company) which might require the exercise of such powers either during or after the Relevant Period be and is hereby generally and unconditionally approved;
  - (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
    - (i) a Rights Issue (as hereinafter defined);
    - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;



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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) the exercise of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or
- (iv) any scrip dividend or similar arrangement providing for the allotment of the shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company;

shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly;

- (c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Company in general meeting; and

“Rights Issue” means an offer of shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for shares in the Company, open for a period fixed by the Directors to the holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors, after making enquiry, may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of the relevant place, or the requirements of the relevant regulatory body, or any stock exchange in that place).”

6. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all of the powers of the Company to repurchase shares in the capital of the Company, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;

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(b) the aggregate nominal amount of shares of the Company which may be repurchased by the Directors pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

(c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and

(iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Company in general meeting.”

7. **“THAT** conditional upon the passing of Resolutions Nos. 5 and 6 set out in the Notice of this Meeting, the aggregate nominal amount of shares of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with the mandate granted under Resolution No. 5 set out in the Notice of this Meeting be and is hereby increased and extended by adding the aggregate nominal amount of shares in the capital of the Company which may be repurchased by the Company pursuant to and in accordance with the mandate granted under Resolution No. 6 set out in the Notice of this Meeting provided that such amount of shares of the Company so repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution.”
8. **“THAT** pursuant to paragraph 8(B) of the ADPDL Share Option Scheme (as defined in the circular issued by the Company on 5 July 2004 (“Circular”)), approval be and is hereby generally and unconditionally granted to refresh the Current Scheme Mandate Limit (as defined in the Circular) under the ADPDL Share Option Scheme up to a new 10 per cent. limit provided that (i) the total number of ordinary shares of HK\$0.01 each (“ADPDL Shares”) in the share capital of ADPDL (as defined in the Circular) which may be issued upon the exercise of all options to be granted under the ADPDL Share Option Scheme and any other option scheme of ADPDL pursuant to the Current Scheme Mandate Limit as refreshed shall not exceed 10 per cent. of the ADPDL Shares in issue on the date of the passing of this Resolution (“Refreshed Scheme Mandate Limit”); and (ii) options previously granted under the ADPDL Share Option Scheme (including those options outstanding, cancelled, lapsed in accordance with its terms or exercised) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit.”

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To consider, and if thought fit, pass the following as a Special Resolution:–

9. “**THAT** the articles of association of the Company be and are hereby amended in the following manner:

(a) by inserting the following definitions in Article 2:

“associate(s)” has the meaning ascribed to it in the Listing Rules from time to time;

“Directors” shall mean the directors from time to time and for the time being of the Company; and

“Listing Rules” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);

(b) by inserting the following as a new Article 70A:

“70A. Where any Member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”;

(c) by deleting the existing Article 81 in its entirety and substituting it with the following new Article 81:

“81. No person, other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing signed by a Member (other than the person to be proposed) entitled to attend and vote at the relevant meeting of his intention to propose such a person and notice in writing signed by the person to be so proposed of his willingness to be elected, shall have been given to the Company. The nomination period during which such notice may be given shall commence on the day after despatch of the notice of general meeting at which such elections are to be considered, and shall end on the day which is seven days prior to the date of such general meeting, provided always that such nomination period must be at least seven days in duration.”;

(d) by inserting the words “or any of his associates” after the word “Director” in the fourth line of the existing Article 93(F);

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- (e) by amending the existing Article 93(G) as follows:
  - (i) inserting the words “or who has an associate who is materially interested” after the words “materially interested” in the second line;
  - (ii) deleting the word “his” after the words “nature of” in the fourth line and substituting therefor the words “any such”; and
  - (iii) inserting the words “or any of his associates” after the word “he” in the sixth line;
- (f) by deleting the existing Article 93(H) in its entirety and substituting therefor the following new Article 93(H):

“93(H) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract, arrangement or proposal in which he or any of his associates is materially interested, directly or indirectly, but this prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity either:
  - (a) to the Director or any of his associates in respect of money lent or obligations incurred or undertaken by him or them at the request of or for the benefit of the Company or any of its subsidiaries; or
  - (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his associates has himself or themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) any contract, arrangement or proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his associates is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) any contract, arrangement or proposal concerning any other company in which the Director or any of his associates is interested only, whether directly or indirectly, as an officer or executive or shareholder or as the holder of a beneficial interest of shares, provided that the Director’s and any of his associate’s beneficial interest in such company is below, in aggregate, 5 per cent. of (a) the issued shares of

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any class of such company (or of any third company through which his interest or that of his associates is derived) or (b) the voting rights available to members of such company;

- (iv) any contract, arrangement or proposal concerning the benefit of employees of the Company or any of its subsidiaries including:–
  - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or any of his associates may benefit; or
  - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to Directors (and their associates) and to employees of the Company or any of its subsidiaries, and does not provide in respect of any Director or any of his associates, any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract, arrangement or proposal in which the Director or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interest in shares or debentures or other securities of the Company.” and

(g) by adding the following new article as Article 93(I):

“93(I) If any question arises at any meeting of the Board as to the materiality of an interest of a Director (other than the chairman of the meeting) and/or any of his associates or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not be counted in the quorum, such question shall be determined by the chairman of the meeting. If any such question shall arise in respect of the chairman of the meeting or any of his associates and is not resolved by his voluntarily agreeing to abstain from voting, the question shall be determined by a resolution of the Board (for which purpose such chairman shall be counted in the quorum but shall not vote on the matter).”

By Order of the Board  
**Janis Lee**  
*Company Secretary*

Hong Kong, 5 July 2004

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### Notes:

1. Any member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote instead of such member in accordance with the articles of association of the Company. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company at 8 Chun Ying Street, Tseung Kwan O Industrial Estate West, Tseung Kwan O, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. The Register of Members of the Company will be closed from 26 July 2004 to 28 July 2004, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 23 July 2004.