
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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NEXTmedia
NEXT MEDIA LIMITED
(Incorporated in Hong Kong with limited liability)

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

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, 30 July 2003 at 11:00 a.m. is set out on pages 9 to 13 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 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.

23 June 2003

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual General Meeting”	the Annual General Meeting of the Company to be held on Wednesday, 30 July 2003 at 11:00 a.m.
“AGM Notice”	the notice convening the Annual General Meeting, which is set out on pages 9 to 13 of this circular
the “Company”	Next Media Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance and 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 738,594,935 Shares, representing approximately 59.9 per cent. of the issued ordinary shares of the Company as at the Latest Practicable Date
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	19 June 2003, 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)”	Non-voting convertible preference share(s) of HK\$1.75 each in the capital of the Company all of which are beneficially owned by the Controlling Shareholder
“Repurchase Proposal”	the proposed general mandate to the Directors to repurchase on the Stock Exchange, Shares representing up to a maximum of 10 per cent. of the issued share capital of the Company at the date of the proposed resolution being approved as described in this circular

DEFINITIONS

“SFO”	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
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

Executive Directors:

Lai Chee Ying, Jimmy (*Chairman*)
Ting Ka Yu, Stephen
Kok Hon Kay, Peter
Ip Yut Kin

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

23 June 2003

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposed general mandates to issue, allot and deal with the Shares and to repurchase Shares, the proposed amendments to the Memorandum and Articles of Association of the Company and to give you notice of the Annual General Meeting to be held on Wednesday, 30 July 2003.

REPURCHASE PROPOSAL

At the Annual General Meeting, an ordinary resolution will be proposed for the purpose of renewing the general mandate granted to the Directors to repurchase 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 resolution (the “Repurchase Proposal”). The latest mandate, granted at the annual general meeting held on 31 July 2002, will expire at the conclusion of the Annual General Meeting. An explanatory statement on the Repurchase Proposal is set out in the Appendix to this circular.

LETTER FROM THE BOARD

SHARE ISSUE MANDATE

A resolution will be proposed at the Annual General Meeting for the purpose of renewing the general mandate granted to Directors to allot, issue and otherwise deal with the Shares. This mandate is subject to a limit equal to 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of the resolution.

EXTENSION OF SHARE ISSUE MANDATE

Subject to the passing at the Annual General Meeting of the proposed resolutions regarding the share repurchase mandate and the share issue mandate, a resolution will be proposed at the Annual General Meeting to approve the addition of the number of Shares that may be repurchased under the share repurchase mandate to the 20 per cent. share issue mandate.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Following the commencement of the SFO on 1 April 2003 and the repealing of the Securities and Futures (Clearing House) Ordinance (Chapter 420), the Directors recommend making the corresponding amendments to the Articles of Association of the Company.

Also, under the current provisions of the Articles of Association of the Company, the Executive Directors of the Company, unlike the non-executive Directors, are not required to retire by rotation at each annual general meeting of the Company. To enhance good boardroom practice, it is proposed that the existing Article 85 of the Articles of Association of the Company be deleted with the result that all Directors (including Executive Directors) of the Company will be subject to the retirement-by-rotation requirement at every annual general meeting.

It is also proposed that the Articles of Association of the Company be amended to allow Directors to participate at meetings of Directors by means of telephone or similar communication method and Directors participating in this manner shall be counted towards a quorum. It is therefore proposed that a new Article No. 105 be added to the Articles of Association of the Company such that a meeting of the Directors or of a committee of the board of Directors may consist of a conference between parties who are not all in one place, but each of whom is able (by telephonic communication or similar communications equipment) to speak to each of the others simultaneously. Any party taking part in such conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in the quorum accordingly. Such a meeting shall be deemed to take place where the Chairman of the Meeting is located.

LETTER FROM THE BOARD

A small change is also proposed to the Memorandum of Association of the Company in respect of the situation of the Company's registered office in order to bring it up to date.

ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 9 to 13 of this circular.

The Register of Members of the Company will be closed from 28 July 2003 to 30 July 2003, 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 25 July 2003.

RECOMMENDATION

The Directors consider that the Repurchase Proposal, the proposed general mandate to issue shares, the extension of the share issue mandate and the proposed amendments to the Memorandum and Articles of Association of the Company are in the best interests of the Company and its Shareholders and accordingly recommend all the Shareholders to vote in favour of these resolutions to be proposed at the Annual General Meeting.

The Controlling Shareholder has indicated that he intends to vote in favour of these resolutions in respect of his holding of Shares.

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

This is the explanatory statement required by the Listing Rules to provide the requisite information to you for your consideration and it constitutes the memorandum 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 1,233,800,376 Shares and 1,160,000,000 Preference Shares. The Preference Shares are not traded on the Stock Exchange. On the basis of the number of Shares as at the Latest Practicable Date and assuming 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 authorised to repurchase a maximum of 123,380,037 Shares.

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 the shareholder value and will only be made when the Directors believe that such repurchases 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 Memorandum and 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 for the year ended 31 March 2003, the most recent published audited accounts of the Company) may occur in the event that the general mandate in the Repurchase Proposal is utilised in full at any time during the proposed repurchase period. However, the Directors do not propose exercising the general mandate in 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.

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:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
June 2002	2.225	1.980
July 2002	2.150	1.750
August 2002	1.890	1.640
September 2002	1.760	1.600
October 2002	1.730	1.620
November 2002	1.930	1.640
December 2002	1.830	1.730
January 2003	1.820	1.740
February 2003	1.840	1.760
March 2003	1.870	1.730
April 2003	1.850	1.730
May 2003	2.075	1.760

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. TAKEOVER 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 Takeover 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 Rule 26 of the Takeover Code.

As at the Latest Practicable Date, the Controlling Shareholder was beneficially interested in Shares representing approximately 59.9 per cent. of the voting rights 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 beneficially 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 66.5% of the issued ordinary share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeover 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 sell any Shares to the Company or its subsidiaries, in the event that the Repurchase Proposal is approved by the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of 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, 30 July 2003 at 11:00 a.m. for the purpose of transacting the following business:

Ordinary business

1. to receive and adopt the Reports of the Directors and Auditors and the Statement of Accounts for the year ended 31 March 2003;
2. to re-elect Directors;
3. to authorise the Directors to fix the Directors' remuneration for the ensuing year;
4. to re-appoint PricewaterhouseCoopers as auditors and to authorise the Directors to fix their remuneration;

Special business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions with or without amendments:–

5. **“THAT:**
 - (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all 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);

NOTICE OF ANNUAL GENERAL MEETING

- (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;
- (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 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 in general meeting; and

“Rights Issue” means an offer of shares 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 as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body, or any stock exchange).”

NOTICE OF ANNUAL GENERAL MEETING

6. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all 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;
- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Directors pursuant to the approval in paragraph (a) above 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 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 5 and 6 set out in the Notice of this Meeting, the aggregate nominal amount of shares 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 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 6 set out in the Notice of this Meeting.”

NOTICE OF ANNUAL GENERAL MEETING

To consider, and if thought fit, pass the following resolution as a special resolution with or without amendments:

8. **“THAT**

- (a) the existing second clause of the Memorandum of Association of the Company be deleted in its entirety and replaced by the following:

“Second:– The Registered Office of the Company shall be situated in Hong Kong.”.

- (b) the following definition be added immediately after the definition of “Secretary” in Article 2:

“SFO” shall mean the Securities and Futures Ordinance (Chapter 571), and any amendments thereto or re-enactment thereof for the time being in force and shall include every other statute incorporated therewith or substituted therefor; and in case of any such substitution the reference in these Articles to the provisions of the SFO shall be read as references to the provisions substituted therefor in the new legislation”.

- (c) the existing Article 74(A) of the Articles of Association of the Company be amended by deleting the words “Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Chapter 420 of the Laws of Hong Kong” and substituting therefor the words “the SFO”.

- (d) the existing Article 85 of the Articles of Association of the Company be deleted in its entirety.

- (e) the existing articles numbered (86) to (105) inclusive be re-numbered as (85) to (104) respectively.

- (f) the following article to the Articles of Association of the Company to be numbered as (105) be added:

“A meeting of the Directors or of a committee of the Board may consist of a conference between parties who are not all in one place, but each of whom is able (by telephonic communication or similar communications equipment) to speak to each of the others simultaneously. Any party taking part in such conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be

NOTICE OF ANNUAL GENERAL MEETING

counted in the quorum accordingly. Such a meeting shall be deemed to take place where the Chairman of the Meeting is located”.”

By order of the Board

Janis Lee

Company Secretary

Hong Kong, 23 June 2003

Notes:

1. A 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 28 July 2003 to 30 July 2003, 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 25 July 2003.