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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 a 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 MediaNation Inc. (the “Company”), you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”)

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.

Give 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 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 in order to obtain up-to-date information on GEM-listed issuers.



MEDIANATION
INC.

MediaNation Inc.

(Incorporated in the Cayman Islands with limited liability)

PROPOSED GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

The notice convening the annual general meeting of the Company to be held at Rooms 3507-09, 35th Floor, The Center, 99 Queen’s Road Central, Hong Kong SAR on Monday, 12th May, 2003, at 10:30 a.m. is set out in the annual report of the Company for the year ended 31st December, 2002 which is despatched to the shareholders of the Company with this circular.

A form of proxy for the annual general meeting is enclosed with the annual report. Whether or not you propose to attend the annual general meeting, you are requested to complete the form of proxy and return the same to the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong SAR in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the annual general meeting. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the annual general meeting or any adjournment thereof in person if you so wish.

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

27th March, 2003

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Rooms 3507-09, 35th Floor, The Center, 99 Queen’s Road Central, Hong Kong SAR, on Monday, 12th May, 2003 at 10:30 a.m. or any adjournment thereof
“Annual Report”	the annual report of the Company for the year ended 31st December, 2002
“Board”	the board of Directors or a duly authorised committee thereof
“Company”	MediaNation Inc., a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Computershare”	Computershare Hong Kong Investor Services Limited at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Company’s branch share registrar and transfer office in Hong Kong SAR
“Directors”	the directors of the Company for the time being
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	27th March, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Shareholders”	the shareholders of the Company
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“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 CHAIRMAN



MediaNation Inc.

(Incorporated in the Cayman Islands with limited liability)

Executive Director:

Mr. Chu Chung Hong, Francis (*Chief Executive Officer*)

Non-Executive Directors:

Mr. Sun Qiang, Chang (*Chairman*)

Mr. Cheung Leung Hong, Cliff

Ms. Ho Ming Yee

Mr. Cheng Cheung Lun, Julian

Mr. Kam Ling (*Vice Chairman*)

Ms. Chan Sim Ngor, Summerine

Independent Non-Executive Directors:

Mr. Johannes Schöter

Mr. Liu Hong Ru

Registered Office:

P.O. Box 309

Ugland House

George Town

Grand Cayman

Cayman Islands

Head Office and Principal Place of

Business in Hong Kong:

Rooms 3507-09, 35th Floor

The Center

99 Queen's Road Central

Hong Kong SAR

27th March, 2003

To the Shareholders

Dear Sir or Madam,

PROPOSED GENERAL MANDATES TO ISSUE SHARES

AND TO REPURCHASE SHARES

INTRODUCTION

At the AGM to be held at Rooms 3507-09, 35th Floor, The Center, 99 Queen's Road Central, Hong Kong SAR on Monday, 12th May, 2003, at 10:30 a.m., resolutions to grant to the Directors general mandates to allot and issue Shares and to repurchase Shares will be proposed. The purpose of this circular is to provide Shareholders with details of the proposed general mandates to be dealt with at the AGM.

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 29th April, 2002, a general mandate was given to the Directors to issue shares. Such general unconditional mandate will lapse at the conclusion of the AGM, unless renewed at the AGM. Accordingly, in order to ensure flexibility and to give discretion to the Directors in the event that it becomes desirable to issue any shares, an ordinary resolution will be proposed at the AGM in the terms set out in Resolution 4 in the notice of the AGM to renew the general and unconditional mandate given to the Directors to allot, issue and otherwise deal with Shares not exceeding the aggregate of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of such resolution and Shares representing the aggregate nominal amount (up to a maximum of 10% of the aggregate nominal amount of the Company's then issued share capital as at the date of passing of such resolution) of any Shares repurchased by the Company subsequent to the passing of such resolution. Based on information available as at the Latest Practicable Date, on the basis of 601,162,995 Shares in issue, assuming that no further Shares are issued or repurchased by the Company, the Company may allot, issue or otherwise deal with 120,232,599 Shares. With reference to this resolution, the Directors wish to state that they have no present intention of issuing shares pursuant to the relevant mandate.

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 29th April, 2002, a general mandate was given to the Directors to repurchase shares. Such general unconditional mandate will lapse at the conclusion of the AGM, unless renewed at the AGM. Accordingly, an ordinary resolution will be proposed at the AGM in the terms set out in Resolution 5 in the notice of the AGM to renew the general and unconditional mandate given to the Directors to exercise the powers of the Company to repurchase Shares comprising the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the share capital in issue of the Company at the date of passing of such resolution. Based on information available as at the Latest Practicable Date, on the basis of 601,162,995 Shares in issue, assuming that no further Shares are issued or repurchased by the Company, the Company may repurchase up to 60,116,299 Shares. With reference to this resolution, the Directors wish to state that they have no present intention to repurchase any Shares pursuant to the relevant mandate.

An explanatory statement required to be sent to the Shareholders under the GEM Listing Rules in connection with the proposed mandate to repurchase Shares as described above is set out in the Appendix to this circular to provide all requisite information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution.

ANNUAL GENERAL MEETING

The notice convening the AGM is set out in the Annual Report which is dispatched to the Shareholders with this circular. At the AGM, in addition to the ordinary business of the meeting, Resolutions 4 and 5 will be proposed to approve the general mandates to issue Shares and to repurchase Shares as special businesses.

A copy of the Annual Report incorporating copies of the audited consolidated accounts of the Group for the year ended 31st December, 2002 and the directors' and auditors' reports thereon is dispatched to Shareholders together with this circular.

LETTER FROM THE CHAIRMAN

A form of proxy for the AGM is enclosed with the Annual Report. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to Computershare in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the AGM. The completion and return of the form of proxy will not preclude you from attending and voting at the AGM in person.

DIRECTORS' RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) 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.

RECOMMENDATION

The Board is of the opinion that the proposals referred to above are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of
the Board of Directors of
MediaNation Inc.
Sun Qiang, Chang
Chairman

This appendix serves as an explanatory statement as required to be sent to the Shareholders under the GEM Listing Rules in relation to the mandate to repurchase Shares (the “Repurchase Mandate”) to be proposed at the AGM. This explanatory statement contains all the information required pursuant to Rule 13.08 of the GEM Listing Rules which is set out as follows:

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 601,162,995 Shares.

The maximum aggregate nominal amount of Shares which the Company is authorised to repurchase pursuant to the Repurchase Mandate is 10 per cent. of the aggregate nominal amount of the issued Shares as at the date of the approval of the Repurchase Mandate. Subject to the passing of the proposed resolution in relation to the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, i.e. on the basis of 601,162,995 Shares in issue, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 60,116,299 Shares during the period from the date on which the resolution in relation to the Repurchase Mandate is passed 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 the articles of association of the Company, the Companies Law of the Cayman Islands or any other applicable law of the Cayman Islands to be held;
- (iii) the date upon which the authority set out in the resolution in relation to the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASE

Although the Directors have no present intention of repurchasing any Shares, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and the Shareholders. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share of the Company and/or its earnings per Share.

FUNDING OF REPURCHASES

In repurchasing Shares, the Company will only apply funds legally available for such purpose in accordance with the memorandum and articles of association of the Company, the applicable laws of the Cayman Islands and the GEM Listing Rules. The Company may not purchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

According to the laws of the Cayman Islands as currently in force, the Company may, if so authorized by its articles of association of the Company, purchase its own Shares out of capital, as well as out of funds available for distribution or dividend (which includes sums standing to the credit of the share premium account) or out of the proceeds of a fresh issue of Shares. However, a payment out of capital is not lawful unless immediately following the date on which the payment is proposed to be made, the Company is due to pay its debts as they fall due in the ordinary course of business.

GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum of association and articles of association of the Company and the applicable laws of the Cayman Islands.

DISCLOSURE OF INTERESTS

To the best of the knowledge of the Directors who have made all reasonable enquiries, none of the Directors or their associates (as defined in the GEM Listing Rules) has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

TAKEOVER CODE CONSEQUENCES

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeover Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, the following Shareholders had interests representing 10% or more of the then issued share capital of the Company:

Name	Shares held	Approximate percentage of total issued Shares
Warburg Pincus Ventures, L. P. (“Warburg Pincus”)	159,130,088	26.5%
SMI Investors (PAPE II) Limited (“PAMA”)	159,130,088	26.5%

In the event that the Directors exercise the power under the Repurchase Mandate in full, the total interests of Warburg Pincus and PAMA would be increased to 29.4% and 29.4%, respectively, of the then total issued Shares, and, therefore, neither Warburg Pincus nor PAMA would be obliged to make a mandatory offer under Rules 26 and 32 of the Takeover Code.

SHARE REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company during the previous six months preceding the Latest Practicable Date, whether on the Stock Exchange or otherwise.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM during each of the previous twelve months preceding the Latest Practicable Date were as follows:

Month	Shares Highest <i>HK\$</i>	Shares Lowest <i>HK\$</i>
March 2002	2.500	1.900
April 2002	2.350	1.950
May 2002	2.050	1.230
June 2002	1.350	0.850
July 2002	1.050	0.550
August 2002	0.620	0.230
September 2002	0.280	0.142
October 2002	0.243	0.098
November 2002	0.199	0.140
December 2002	0.140	0.140
January 2003	suspended trading	
February 2003	0.120	0.067