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If you are in any doubt as to any aspect of this circular or as to the action you should take, 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 proxy form 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)

**AMENDMENTS TO THE EXISTING SCHEME,
REFRESHER OF THE SCHEME LIMIT OF THE EXISTING SCHEME,
ADOPTION OF SHARE OPTION SCHEME BY SUBSIDIARIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

This circular includes particulars given in compliance with the Listing Rules 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 Extraordinary 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, 31 July 2002 at 11:30 a.m. (or such time immediately after the conclusion of the Annual General Meeting of the Company held on the same date and at the same place) is set out on pages 28 to 29 of this circular.

Whether or not you intend to attend the Extraordinary General Meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the registered office of Next Media Limited not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjournment thereof should they so wish.

15 July 2002

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DEFINITIONS

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

“1993 Scheme”	the 1993 Share Option Scheme of the Company adopted on 20 September 1993 the operation of which was terminated on 29 December 2000 upon the adoption of the Existing Scheme
“Annual General Meeting”	the Annual General Meeting of the Company to be held on 31 July 2002 at 11:00 a.m.
“ADPD”	Apple Daily Publication Development Limited, a company incorporated in Hong Kong under the Companies Ordinance and a wholly-owned subsidiary of the Company
“ADPD Share Option Scheme”	the share option scheme to be adopted by ADPD
“ADPD Share(s)”	share(s) of HK\$0.01 each in the capital of ADPD, or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of ADPD from time to time
“Board”	the board of directors of the Company or a duly authorised committee thereof
“business day”	a day, other than a Saturday or a Sunday, on which the Stock Exchange is open for the business of dealing in securities
“Company”	Next Media Limited, a company incorporated in Hong Kong under the Companies Ordinance and the shares of which are listed on the Stock Exchange
“Companies Ordinance”	Companies Ordinance (Cap 32 of the Laws of Hong Kong), as amended from time to time
“Controlling Shareholder”	Mr. Lai Chee Ying, Jimmy who held 728,966,935 Shares, representing approximately 59% of the issued ordinary shares of the Company as at the Latest Practicable Date
“Directors”	the directors of the Company

DEFINITIONS

“Existing Scheme”	the existing share option scheme of the Company adopted on 29 December 2000
“Extraordinary General Meeting”	the Extraordinary General Meeting of the Company to be held on 31 July 2002 at 11:30 a.m. (or such time immediately after the conclusion of the Annual General Meeting)
“EGM Notice”	the notice convening the Extraordinary General Meeting, which is set out on pages 28 to 29 of this circular
“Grantee”	any participant who accepts an offer in accordance with the terms of the Existing Scheme or, where the context so permits, any person who is entitled to an option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries at the relevant time and a “member of the Group” means any of the foregoing
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Earnings Per Share”	the quotient of (a) the audited consolidated net profits after taxation and minority interests but before extraordinary items of ADPD or NMPL (as the case may be) for the latest financial year prior to exercise or redemption (as the case may be) and (b) the number of ADPD Shares or NMPL Shares (as the case may be) in issue as at the expiry date of the latest financial year
“Latest Practicable Date”	11 July 2002, 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
“NMPL”	Next Media Publishing Limited, a company incorporated in Hong Kong under the Companies Ordinance and a wholly-owned subsidiary of the Company
“NMPL Share Option Scheme”	the share option scheme to be adopted by NMPL

DEFINITIONS

“NMPL Share(s)”	share(s) of HK\$0.01 each in the capital of NMPL, or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of NMPL from time to time
“Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all options to be granted under the Existing Scheme as at the date of adoption, as more particularly described in paragraph 7 of Appendix I
“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
“Subsidiary Share Option Scheme(s)”	the ADPD Share Option Scheme and the NMPL Share Option Scheme, reference to “Subsidiary Share Option Scheme” shall mean any one of them
“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*)
Chow On Kiu, Andrew
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

15 July 2002

To the Shareholders

Dear Sir or Madam,

**AMENDMENTS TO THE EXISTING SCHEME,
REFRESHER OF THE SCHEME LIMIT OF THE EXISTING SCHEME,
ADOPTION OF SHARE OPTION SCHEME BY SUBSIDIARIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolutions as mentioned herein and which, inter alia, will be dealt with at the Extraordinary General Meeting of the Company 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, 31 July 2002 at 11:30 a.m. (or such time immediately after the conclusion of the Annual General Meeting).

This circular contains the following information which is required to be sent to the Shareholders under the Listing Rules:

- (1) a summary of the terms and conditions of the Existing Scheme after the proposed amendments (together with the existing terms and conditions); and
- (2) a summary of the terms and conditions of the ADPD Share Option Scheme and the NMPL Share Option Scheme.

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As at the Latest Practicable Date, there were outstanding options granted under the 1993 Scheme which entitled the holders thereof to subscribe for 152,641 Shares and there were options under the Existing Scheme which entitled the holders thereof to subscribe for 25,310,000 Shares. The operation of the 1993 Scheme was terminated on 29 December 2000. However, pursuant to the terms of the 1993 Scheme, options granted under the 1993 Scheme remained unexpired immediately prior to the termination of the operation of the 1993 Scheme shall continue to be exercisable in accordance with their terms of issue.

AMENDMENTS TO THE EXISTING SCHEME

In respect of share option schemes, the Stock Exchange announced certain amendments to Chapter 17 of the Listing Rules on 23 August 2001, which came into effect on 1 September 2001. In view of the recent amendments to the Listing Rules in respect of share option schemes, the Directors propose amendments be made to the Existing Scheme such that the Existing Scheme will fully comply with the requirements of Chapter 17 of the Listing Rules. **A summary of the terms and conditions of the Existing Scheme after the proposed amendments (together with the existing terms and conditions) is set out in Appendix I to this circular. Shareholders are advised to read the proposed amendments before deciding whether to vote for or against the amendments at the Extraordinary General Meeting.**

The Existing Scheme was adopted by the Company on 29 December 2000 when the operation of the 1993 Scheme was terminated.

In accordance with the terms of the Existing Scheme, consents in writing in relation to the proposed amendments to the Existing Scheme have been obtained from holders of outstanding options which if exercised in full would entitle them to be issued more than three-fourth in nominal value of all Shares being the subject of options outstanding as at the Latest Practicable Date under the Existing Scheme.

The amendments to the Existing Scheme is subject to:

- (a) approval by the Shareholders at the Extraordinary General Meeting; and
- (b) the Stock Exchange granting its approval to the Existing Scheme (as amended), the grant of option under the Existing Scheme (as amended and refreshed) and the listing of and permission to deal in the Shares to be issued upon exercise of the options granted thereunder.

Pursuant to the Listing Rules, the Directors are required to state the value of all options that can be granted pursuant to the Existing Scheme as if they had been granted on the Latest Practicable Date in this circular. However, the Directors consider that it is not appropriate to state such value as a number of variables which are necessary for the calculation of the value of

LETTER FROM THE BOARD

the options have not been determined. Such variables include the subscription price, exercise period, any lock up period, any performance targets set and other relevant variables. The subscription price payable for the Shares to be issued on exercise of options depends on the price of the Shares as quoted on the Stock Exchange, which in turns depends on when options are granted under the Existing Scheme. It is also difficult to ascertain with accuracy the subscription price of the Shares given the volatility the Share price may experience during the 10-year life span of the Existing Scheme. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to Shareholders. However, Shareholders should note that, in compliance with the Listing Rules, estimated valuations of options granted during any financial period will be provided based on the Black-Scholes option pricing model, binomial model or a comparable generally accepted methodology in the Company's interim and annual reports.

Scheme Mandate Limit and Scheme Limit

The limit on the number of Shares which may be issued upon exercise of all outstanding options to be granted and yet to be exercised under the Existing Scheme and other share option schemes of the Company must not exceed 30% of the Shares in issue (being the Scheme Limit), as the same may be varied from time to time. The Shares which may be issued upon exercise of all options to be granted under the Existing Scheme and any other share option schemes of the Company shall not exceed 10% of the Shares in issue on adoption date (being the Scheme Mandate Limit), subject to refresher of the Scheme Mandate Limit from time to time. Options lapsed in accordance with the terms of the Existing Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit.

As of 29 December 2000 (the date when operation of the 1993 Scheme was terminated and the Existing Scheme was adopted), there were:

- a. 3,238,193,810 shares of HK\$0.20 each in the capital of the Company in issue of which 24,927,132 shares of HK\$0.20 each in the capital of the Company were issued under the 1993 Scheme;
- b. options outstanding and unexercised which entitled holders thereto to subscribe for 564,340 shares of HK\$0.20 each in the capital of the Company under the 1993 Scheme.

Shares of HK\$0.20 each which might be issued under options granted under the 1993 Scheme but lapsed amounted to 20,921,697 shares. No options were cancelled under the 1993 Scheme. As such, the scheme mandate limit of the Existing Scheme as at 29 December 2000 was 298,327,909 shares of HK\$0.20 each.

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A consolidation of shares took place on 22 October 2001 pursuant to which 5 shares of HK\$0.20 each were consolidated into 1 share of HK\$1.00. On 18 March 2002, options were granted to employees of the Group which entitle holders thereto to subscribe for 25,310,000 Shares under the Existing Scheme. As at the Latest Practicable Date, there were options outstanding and unexercised under the Existing Scheme to which holders were entitled to subscribe for 25,310,000 Shares. No options granted under the Existing Scheme were lapsed or cancelled. Out of the 1,233,661,176 Shares in issue as at the Latest Practicable Date, 4,985,427 Shares were issued pursuant to exercise of share options under the Company's share options schemes.

As approximately 42.42% of the Scheme Mandate Limit of the Existing Scheme of 59,665,581 Shares has been used, the Directors are of the view that in order to better equip the Company so as to encourage Grantees to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole, the Scheme Mandate Limit shall be refreshed to provide the Company with greater flexibility.

As at the Latest Practicable Date, there were 1,233,661,176 Shares in issue. Assuming there is no further allotment and issue of Shares and repurchase of Shares and no further grant of options under the Existing Scheme, upon the granting of a refresher of the Scheme Mandate Limit by Shareholders in the Extraordinary General Meeting, the Scheme Mandate Limit (as refreshed) will allow the Company to grant options entitling holders thereof to subscribe for 123,366,117 Shares.

Application to the Stock Exchange

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of and permission to deal in the Shares, representing a maximum of 10% of the Shares in issue as at the date of the Extraordinary General Meeting approving the refreshment of the Scheme Mandate Limit, which may be issued pursuant to the exercise of the options under the Existing Scheme (as refreshed).

SUBSIDIARY SHARE OPTION SCHEMES

ADPD is a wholly-owned subsidiary of the Company and will be engaged in the publishing of a newspaper entitled *Apple Daily* in Taiwan. NMPL is a wholly-owned subsidiary of the Company and engages in publishing of *Taiwan Next Magazine* in Taiwan. Both ADPD and NMPL do not at present have in place a share option scheme. It is proposed that each of ADPD and NMPL will adopt a share option scheme, which will comply in full with the requirements under Chapter 17 of the Listing Rules, to provide their respective directors and employees and the directors and employees of their respective subsidiaries with the opportunity to acquire proprietary interests in them, which will encourage the grantees of such options to work towards enhancing the value of ADPD and NMPL, respectively and for the benefit of the Company as a whole.

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ADPD Shares and NMPL Shares will only be issued upon the exercise of the options granted under the ADPD Share Option Scheme and the NMPL Share Option Scheme, respectively within a specified period of time immediately prior to the listing of ADPD or NMPL or their respective intermediate holding or such company holding the business conducted or to be conducted by themselves or their respective subsidiaries on an internationally recognised stock exchange. In the event the relevant stock exchange prohibits the exercise of the option by the grantee at the subscription price as set out in paragraph 12 of Appendix II, the option granted will be redeemed by ADPD or NMPL (as the case may be) at a cash consideration of not more than five times the Latest Earnings Per Share. Payment of the redemption shall be made to the grantee within 30 days of the date of listing.

Currently, the Company does not have any concrete plan in respect of the proposed listing of ADPD and NMPL. Given that the requirements of internationally recognised stock exchanges and the related initial public offering mechanism vary, the period of time within which holders of the options under the ADPD Share Option Scheme and the NMPL Share Option Scheme may exercise the options cannot be predetermined.

Under the Subsidiary Share Option Schemes, ADPD and NMPL shall, subject to the grantee having fulfilled the terms and conditions of the options, redeem and cancel a particular option by paying the grantee in cash such amount equivalent to not more than five times the Latest Earnings Per Share upon the occurrence of the earliest of any the following circumstances before listing:

- (i) upon the grantee ceasing to be a participant of the relevant scheme for any reason other than his or her resignation or on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the relevant board of directors) on any other grounds on which ADPD or NMPL (as the case may be) or the relevant subsidiaries would be entitled to terminate his or her employment or directorship at common law or pursuant to any applicable laws or under the grantee's service contract with ADPD or NMPL or the relevant subsidiary or as a result of mandatory dismissal under the relevant laws and regulations;
- (ii) upon the change in control of ADPD or NMPL, as the case may be, other than pursuant to a reorganisation for the listing; and
- (iii) such circumstances as the board of ADPD or NMPL (as the case may be) considers appropriate provided that in case the grantee is a connected person or an associate of a connected person of the Company (within the meaning of the Listing Rules), such redemption shall be approved by the directors of ADPD or NMPL (as the case may

LETTER FROM THE BOARD

be), and for so long as ADPD or NMPL (as the case may be) remains a subsidiary of the Company, the independent non-executive directors of the Company or a board committee of the Company with the majority being independent non-executive directors of the Company.

In addition, for so long as ADPD or NMPL remains a subsidiary of the Company:

1. Any grant of options under the relevant scheme to any director, chief executive or substantial shareholder of ADPD or NMPL (as the case may be) or any of their respective associates (as such terms are defined in the Listing Rules) shall also be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed grantee of the option).
2. Where any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates (as such term is defined in the Listing Rules) would result in the shares which may be issued and to be issued upon exercise of all options already granted and to be granted (including options redeemed, exercised, cancelled and outstanding) to such person under such scheme in the 12-month period up to and including the date of such grant:
 - (a) representing in aggregate over 0.1% of the issued share capital of ADPD or NMPL (as the case may be); and
 - (b) having an aggregate net asset value, assuming such options were exercised and based on the latest audited accounts of ADPD or NMPL (as the case may be), in excess of HK\$5 million,

such grant of options shall be subject to prior approval by the shareholders of Company (voting by way of poll). All connected persons (as defined in the Listing Rules) of the Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

3. The renewal of the scheme limit and the granting of options exceeding any stipulated limits under the relevant scheme referred to in paragraphs 7 and 8 of Appendix II shall, in addition to obtaining the approval by shareholders of ADPD or NMPL (as the case may be), be subject to the approval by the shareholders of the Company in general meeting for so long as ADPD or NMPL (as the case may be) remains a subsidiary of the Company.

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4. Any alteration of the rules of the scheme to the advantage of the grantees shall comply with the requirements under the Listing Rules and also be subject to the approval by the shareholders of the Company.

The terms of the ADPD Share Option Scheme are the same as the terms of the NMPL Share Option Scheme. A summary of the principal terms of the Subsidiary Share Option Schemes is set out in Appendix II to this circular.

The shareholders of ADPD and NMPL have given approvals for the adoption of the relevant scheme. The ADPD Share Option Scheme and the NMPL Share Option Scheme are conditional on the approval by the shareholders of the Company at the Extraordinary General Meeting.

EXTRAORDINARY GENERAL MEETING

The EGM Notice convening the Extraordinary General Meeting of the Company is set out on pages 28 to 29 of this circular.

The Register of Members of the Company will be closed from 29 July 2002 to 31 July 2002, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, 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 26 July 2002.

An announcement will be published by the Company in relation to the outcome of the Extraordinary General Meeting on the business day immediately thereafter.

RECOMMENDATION

The Directors believe that the proposed amendments to the Existing Scheme and the adoption of the Subsidiary Share Option Schemes are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions at the Extraordinary General Meeting.

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

LETTER FROM THE BOARD

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company up to and including 31 July 2002:

- the Existing Scheme;
- the Existing Scheme, incorporating the proposed amendments;
- the ADPD Share Option Scheme; and
- the NMPL Share Option Scheme.

Yours faithfully,
for and on behalf of
NEXT MEDIA LIMITED
Chow On Kiu, Andrew
Director

The following is a summary of the principal terms of the Existing Scheme (after the proposed amendments) together with notes showing the current terms:

1. The purpose of the share option scheme is to provide Participants (as described in paragraph 3 below) with the opportunity to acquire ownership interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole.

Note: No purpose statement is included in the existing terms of the Existing Scheme.

2. The Existing Scheme is to be administered by the Board, and the decisions of the Board shall be final and binding on all parties. The Board shall have the power to delegate its powers to the chief executive officer or the managing director of the Company or any committee established by the Board from time to time to grant options to Participants and to determine the Subscription Price (as described in paragraph 12 below) and other terms (if any) of such grant including, but without limitation, the minimum period for which an option must be held and the minimum performance targets (if any) which must be reached before an option can be exercised in whole or in part.

Note: No delegation power by the Board is provided under the existing terms of the Existing Scheme.

3. The Participants of the Existing Scheme include:
 - (i) any full-time employee of the Company or of any subsidiary; and
 - (ii) directors (including non-executive directors and independent non-executive directors) of the Company or of any subsidiary.

Note: Only full-time employees and executive directors of the Company and/or its subsidiaries are participants under the existing terms of the Existing Scheme.

4. The Board is entitled at any time within ten years after 29 December 2000 to make an offer to any Participant in its absolute discretion to take up an option, pursuant to which such Participant may subscribe for such number of Shares as the Board may determine at the Subscription Price. The date on which an offer is made to a Participant shall be the Date of Grant for the purpose of the Existing Scheme and shall be a business day.
5. Each grant of options to any director, chief executive or substantial shareholder of the Company shall be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the proposed

grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the Date of Grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of each grant, in excess of HK\$5 million,

such grant of options must be approved (voting by way of poll) by the Shareholders. All connected persons (as defined in the Listing Rules) of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular containing the requirements under Chapter 17 of the Listing Rules to be sent to the Shareholders for the relevant resolution.

Note: Under the existing terms of the Existing Scheme, no option may be granted to any one person which if exercised in full would result in the total number of Shares already issued and issuable to him under all the options previously granted to him which have been exercised or are subsisting and unexercised would exceed 25 per cent of the aggregate number of Shares for the time being issued and issuable under the Existing Scheme.

- 6. The Existing Scheme will prohibit the making of any offer or the granting of any option after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers. In particular, no offer shall be made and no option shall be granted to any Participant during the period commencing one month immediately preceding the earlier of:

- (1) the date of the board meeting for the approval of the Company's interim or annual results; and
- (2) the deadline for the Company to publish its interim or annual results announcement under its listing agreement with the Stock Exchange,

and ending on the date of the results announcement.

Note: No such stipulated restriction under the existing terms of the Existing Scheme.

7. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Existing Scheme and other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time (“Scheme Limit”). No options will be granted under the Existing Scheme at any time if such grant will result in the Scheme Limit being exceeded.

The total number of Shares which may be issued upon exercise of all options to be granted under the Existing Scheme and all other share option schemes of the Company shall not exceed 10% of the Shares in issue on 29 December 2000 (the “Scheme Mandate Limit”), subject to refresher of the Scheme Mandate Limit as referred to below. Options lapsed in accordance with the terms of the Existing Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may refresh the Scheme Mandate Limit at any time subject to prior Shareholders’ approval in general meeting. However, the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders’ approval. Options previously granted under the Existing Scheme and any other share option schemes (including those outstanding, cancelled or lapsed in accordance with the schemes or exercised) will not be counted for the purpose of calculating the limit as refreshed. A circular with relevant information as required under the Listing Rules must be sent to Shareholders in connection with the meeting at which their approval will be sought.

The Company may seek separate Shareholders’ approval in general meeting for granting options beyond the Scheme Mandate Limit provided the options in excess of the Scheme Mandate Limit are granted only to Participants specifically identified by the Company before such approval is sought. A circular with relevant information as required under the Listing Rules must be sent to Shareholders containing, amongst others, a generic description of the identified Participants, the number and terms of the options to be granted, the purpose of granting options to the identified Participants, and any explanations as to how the terms of these options serve such purpose.

The maximum number of Shares referred to in this paragraph 7 and in paragraph 8 below shall be adjusted, in such manner as the auditors of the Company shall certify to be appropriate, fair and reasonable and that the requirements set out in the Note to Listing Rule 17.03(13) are satisfied in the event of alteration in the capital structure of the Company in accordance with paragraph 16 below whether by way of capitalisation of profits or reserves, rights issue, consolidation or sub-division of shares or reduction of capital of the Company.

Note: Under the existing terms of the Existing Scheme, the maximum number of Shares issued and issuable subject to the Existing Scheme shall not (when aggregated with any Shares issued and issuable subject to any other share option scheme of the Company including the 1993 Scheme) exceed 10 per cent of the number of the issued Shares from time to time, excluding for this purpose Shares allotted and issued upon the exercise of options granted under the Existing Scheme and any other share option schemes of the Company, including the 1993 Scheme.

In addition, the Scheme Mandate Limit cannot be refreshed under the existing terms of the Existing Scheme.

8. The total number of Shares issued and to be issued upon exercise of the options granted to any Grantee (including both exercised and outstanding options) under the Existing Scheme and any other schemes of the Company in any 12-month period must not exceed 1% of the Shares in issue. Any further grant of options (including exercised, cancelled and outstanding options) in excess of 1% of the Shares in issue must be subject to separate Shareholders' approval in general meeting with such Grantee and his associates (as such term is defined in the Listing Rules) abstaining from voting. A circular with relevant information as required under the Listing Rules must be sent to the Shareholders disclosing, amongst others, the identity of the Grantee and the number and terms of the options granted and proposed to be granted. The number and terms (including the Subscription Price) of options to be granted to such Grantee must be fixed before Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

Note: Under the existing terms of the Existing Scheme, no option may be granted to any one person which if exercised in full would result in the total number of Shares already issued and issuable to him under all the options previously granted to him which have been exercised or are subsisting and unexercised would exceed 25 per cent of the aggregate number of Shares for the time being issued and issuable under the Existing Scheme.

9. The option period (the "Option Period") of a particular option is the period during which the option can be exercised, such period to be notified by the Board to each Grantee at the time of making an offer, and in any event such period of time shall not expire later than ten years from the date of adoption of the Existing Scheme.
10. Subject to the terms of the Existing Scheme, the Board shall be entitled at any time within ten years after 29 December 2000, the adoption date of the Existing Scheme, to make an offer to any Participant, as the Board may in its absolute discretion select, to take up an option pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine, at the Subscription Price. The Existing Scheme does not set out the minimum period for which an option must be held or minimum performance targets that must be reached before the option can be exercised in whole or in part. The offer shall specify the terms on which the option is to be granted. Such terms may include (i) minimum periods for which an option must be held; and/or (ii) minimum performance targets that must be reached before the option can be exercised in whole or in part; and/or

(iii) such other terms as may be imposed at the discretion of the Board either on a case-by-case basis or generally.

Note: Under the existing terms of the Existing Scheme, the minimum period for which an option must be held is 1 year and the Board may impose any additional restriction in respect of the option period and such other terms and conditions relating to the offer which in the opinion of the Board is fair and reasonable but not being inconsistent with the rules and procedures applicable to the Existing Scheme.

11. An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted when the duplicate of the offer letter comprising acceptance of the offer duly signed by the Grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$10.00 by way of consideration for the grant thereof, is received by the Company within 14 days from the date on which the letter containing the offer is delivered to the Participant. Such remittance shall not be refundable in any circumstances.
12. The Subscription Price shall be such price determined by the Board in its absolute discretion and notified to the Participant in the offer and shall be no less than the highest of:
 - (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant;
 - (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and
 - (c) the nominal value of a Share on the Date of Grant.

Note: Under the existing terms of the Existing Scheme, the Subscription Price is the higher of:

- (i) a price being not less than 80 per cent. of the average closing price of a Share as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; or
 - (ii) the nominal value of a Share.
13. The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank pari passu with the fully paid Shares in issue on the date when the name of Grantee is registered in the register of members of the Company. Prior to the Grantee being registered in the register of members of the Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions or any rights arising on a liquidation of the Company, in respect of the Shares to be issued upon the exercise of the option.

14. Subject to the provisions of the rules of the Existing Scheme, the Existing Scheme shall be valid and effective for a period of ten years commencing on 29 December 2000, the adoption date. After the expiry of the ten-year period, no further options shall be offered or granted and no options may be exercised.
15. An option shall lapse automatically (to the extent not already exercised) on the earliest of:
- (i) the expiry of the Option Period as stipulated in the offer letter;
 - (ii) the expiry of the periods referred to below:
 - (a) in the event of a Participant ceases to be an employee of the Company or its subsidiaries for any reason other than on his death or the termination of employment on one or more of the grounds specified in sub-paragraph (b) below and paragraph (v) below, the date of cessation of employment, unless the board of directors of the Company otherwise determine;
 - (b) in the event of a Participant ceases to be an employee upon the termination on the part of the Company or the relevant subsidiary (not for any grounds specified in paragraph (v) below), 14 days after the date of cessation of his employment, unless the board of directors of the Company otherwise determine;

“date of cessation of employment” shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not;
 - (c) in the event of a Participant, not being an employee of the Company or its subsidiaries, ceases to be an executive director, a non-executive director or an independent non-executive director for any reason other than on his death or for any grounds specified in paragraph (v) below, three months from the date of his cessation, or such longer period as the Board may determine;
 - (d) in the event a Participant dies before exercising the option in full and none of the events which would be a ground for termination of his employment or directorship under paragraph (v) below arises, one year from the date of death, or such longer period as the Board may determine;

- (iii) subject to the High Court of Hong Kong not making an order prohibiting the offeror to acquire the remaining Shares in a general offer, the expiry of the period of one month after the date on which the offer becomes or is declared unconditional;
 - (iv) subject to the scheme of arrangement or compromise becoming effective, the expiry of the period specified by the Company in a notice to the holders of options;
 - (v) the date on which the Grantee ceases to be a Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other grounds on which the Company or the relevant subsidiary would be entitled to terminate his employment or directorship at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant subsidiary;
 - (vi) the date of the commencement of the winding-up of the Company;
 - (vii) the date on which the Grantee commits a breach of paragraph 20 below; and
 - (viii) 28 December 2010.
16. In the event of any capitalisation issue, rights issue, sub-division, consolidation of Shares or reduction of capital of the Company while any option granted remains exercisable, such corresponding adjustment (if any) may be made to (a) the number of Shares subject to any option so far as such option remains unexercised and subject to the Existing Scheme and/or (b) the Subscription Price, provided that any such adjustment shall be made on the basis that the Grantee shall have as nearly as possible the same proportion of the equity capital of the Company which he was entitled before such adjustment and the aggregate Subscription Price payable by the Grantee on the full exercise of any option shall remain as nearly as possible the same as (but not greater than) it was before such event.

The auditors for the time being of the Company shall certify in writing any adjustment made is in their opinion fair and reasonable.

No such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value.

17. Any options granted but not exercised may be cancelled if the Grantee so agrees and new options may be granted to the Grantee under a share option scheme with available unissued options (excluding the cancelled options) provided such new options fall within the limits prescribed by paragraph 7 and otherwise comply with the terms of the Existing Scheme.

Note: No such provision under the existing terms of the Existing Scheme.

18. The Shares issued on exercise of the options will on issue be identical to the then existing issued Shares of the Company.
19. The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Existing Scheme and in such event no further options will be offered or granted but in all other respects the provisions of the Existing Scheme shall remain in full force and effect. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Existing Scheme and remain unexpired immediately prior to the termination of the operation of the Existing Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Existing Scheme.
20. An option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any option. Any breach of the foregoing shall entitle the Company to cancel any outstanding option or part thereof granted to such Grantee without incurring any liability on the part of the Company.
21. The Existing Scheme may be altered in any respect by resolution of the Board except those specific provisions of the Existing Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules (namely the definitions of “Option Period”, “Participant” and “Grantee” and the provisions in the rules of the Existing Scheme (as amended) in relation to matters set out in paragraphs 1, 3, 7 to 18, 20 and this paragraph in this Appendix), cannot be altered to the advantage of the Participants and no changes to the authority of the Directors or administrator of the Existing Scheme in relation to any alteration of the terms of the Existing Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Existing Scheme which are of a material nature, or any change to the terms of options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Existing Scheme. The Existing Scheme so altered must comply with Chapter 17 of the Listing Rules.

For the purpose of this appendix,

“Share(s)” shall mean ADPD Share(s) or NMPL Share(s), as the case may be.

“Subsidiary” shall mean ADPD or NMPL, as the case may be.

“Subsidiary Share Option Scheme” shall mean the ADPD Share Option Scheme or the NMPL Share Option Scheme, as the case may be.

The following is a summary of the salient features of the Subsidiary Share Option Schemes:

1. The purpose of the Subsidiary Share Option Scheme is to provide Subsidiary Share Option Scheme Participants (as described in paragraph 3 below) with the opportunity to acquire ownership interests in the Subsidiary and to encourage them to work towards enhancing the value of the Subsidiary and its shares for the benefit of the Subsidiary and the Company as a whole.
2. The Subsidiary Share Option Scheme is to be administered by the board of directors of the Subsidiary, and the decisions of the board of directors of the Subsidiary shall be final and binding on all parties. The board of directors of the Subsidiary shall have the power to delegate its powers to the chief executive officer or the managing director of the Subsidiary or any committee established by the board of directors of the Subsidiary from time to time to grant options to the Subsidiary Share Option Scheme Participants and to determine the subscription price and other terms (if any) of such grant including, but without limitation, the minimum periods for which an option must be held and the minimum performance targets (if any) which must be reached before an option can be exercised in whole or in part.
3. The Subsidiary Share Option Scheme Participants include:
 - (i) any full-time employee of the Subsidiary or of any of its subsidiaries; and
 - (ii) directors of the Subsidiary or of any of its subsidiaries.
4. The board of directors of the Subsidiary is entitled, at any time within the period commencing from the adoption date of the Subsidiary Share Option Scheme and expiring on the earlier of (a) the date of listing of the Subsidiary or its intermediate holding company or such company holding the business conducted or to be conducted by the Subsidiary and its subsidiaries after the date of adoption of the Subsidiary Share Option Scheme on an internationally recognized stock exchange

whether in Hong Kong or elsewhere (the “Listing”) or (b) the tenth anniversary of the adoption date of the Subsidiary Share Option Scheme, to make an offer to any Subsidiary Share Option Scheme Participant in its absolute discretion to take up an option, pursuant to which such Subsidiary Share Option Scheme Participant may subscribe for such number of Shares as the board of directors of the Subsidiary may determine at the subscription price.

5. Each grant of options to any director, chief executive or substantial shareholder of the Subsidiary and the Company shall, ***for so long as the Subsidiary remains a subsidiary of the Company, be approved by the independent non-executive directors of the Company*** (excluding any independent non-executive director who is the proposed grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares of the Subsidiary which may be issued and to be issued upon exercise of all options already granted and to be granted (including options redeemed, exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate net assets value, assuming such option were exercised, based on the latest audited accounts of the Subsidiary, in excess of HK\$5 million,

such grant of options must be approved (voting by way of poll) by the Shareholders. All connected persons (as defined in the Listing Rules) of the Company must abstain from voting at such general meetings.

6. The Subsidiary Share Option Scheme prohibits the making of any offer or the granting of any option at a time when the Subsidiary Share Option Scheme Participant would or might be prohibited by the Listing Rules or by any applicable rules, regulations or law.
7. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Subsidiary Share Option Scheme and other share option schemes of the Subsidiary must not exceed 30% of the Shares in issue from time to time (the “Subsidiary Scheme Limit”). No options will be granted under the Subsidiary Share Option Scheme at any time if such grant will result in the Subsidiary Scheme Limit being exceeded.

The total number of Shares which may be issued upon exercise of all options to be granted under the Subsidiary Share Option Scheme and all other share option schemes of the Subsidiary shall not exceed 10% of the Shares in issue as at the adoption date of the Subsidiary Share Option Scheme (the “Subsidiary Scheme Mandate Limit”), subject to refresher of the Subsidiary Scheme Mandate Limit as referred to below. Options lapsed in accordance with the terms of the Subsidiary Share Option Scheme or any other share option schemes of the Subsidiary shall not be counted for the purpose of calculating the Subsidiary Scheme Mandate Limit.

The Subsidiary may refresh the Subsidiary Scheme Mandate Limit at any time subject to prior approval of the shareholders of the Subsidiary ***and for so long as the Subsidiary remains a subsidiary of the Company, the prior approval of the shareholders of the Company in general meeting***. However, the Subsidiary Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of the aforesaid shareholders’ approvals. Options previously granted under the Subsidiary Share Option Scheme and any other share option schemes (including those outstanding, cancelled or lapsed in accordance with the schemes or exercised) will not be counted for the purpose of calculating the limit as refreshed. A circular with relevant information as required under the Listing Rules must be sent to ***shareholders of the Company and shareholders of the Subsidiary*** in connection with the meetings at which their approval will be sought.

The Subsidiary may seek separate approval of its shareholders ***and for so long as the Subsidiary remains a subsidiary of the Company, the shareholders of the Company in general meeting*** for granting options beyond the Subsidiary Scheme Mandate Limit provided the options in excess of the Subsidiary Scheme Mandate Limit are granted only to Subsidiary Share Option Scheme Participants specifically identified by the Subsidiary before such approval is sought. A circular with relevant information as required under the Listing Rules must be sent to ***shareholders of the Company (if necessary) and of the Subsidiary*** containing, amongst others, a generic description of the identified Subsidiary Share Option Scheme Participants, the number and terms of the options to be granted, the purpose of granting options to the identified Subsidiary Share Option Scheme Participants, and any explanations as to how the terms of these options serve such purpose.

The maximum number of Shares referred to in this paragraph 7 and in paragraph 8 below shall be adjusted, in such manner as the auditors of the Subsidiary shall certify to be appropriate, fair and reasonable and that the requirements set out in the Note to Listing Rule 17.03(13) are satisfied in the event of alteration in the capital structure of the Subsidiary in accordance with paragraph 16 below whether by way of capitalisation of profits or reserves, rights issue, consolidation or sub-division of shares or reduction of capital of the Subsidiary.

8. The total number of Shares which may be issued and to be issued upon exercise of the options granted to any grantee (including both redeemed and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Any further grant of options (including redeemed, cancelled and outstanding options) in excess of 1% of the Shares in issue must be subject to separate shareholders' approval in general meeting of the Subsidiary ***and, for so long as the Subsidiary remains a subsidiary of the Company, separate shareholders approval in general meeting of the Company*** with such grantee and his associates (as such term is defined in the Listing Rules) abstaining from voting. A circular with relevant information as required under the Listing Rules must be sent to the shareholders of the Subsidiary ***and, for so long as the Subsidiary remains a subsidiary of the Company, shareholders of the Company*** disclosing, amongst others, the identity of the grantee and the number and terms of the options granted and proposed to be granted. The number and terms (including the subscription price) of options to be granted to such grantee must be fixed before shareholders' approval(s) is(are) sought and the date of the board meeting of the Subsidiary for proposing such further grant should be taken as the date of grant.
9. The board of Directors of the Subsidiary will inform the grantees of the options, the relevant exercise period, in any event the expiry of such period of time shall not be later than the date falling one month prior to the lodgement of an application with the relevant stock exchange for the Listing.

Note: Currently, the Company does not have any concrete plan in respect of the proposed listing of ADPD and NMPL. Given that the requirements of internationally recognised stock exchanges and the related initial public offering mechanism vary, the period of time within which holders of the options under the ADPD Share Option Scheme and the NMPL Share Option Scheme may exercise the options cannot be predetermined.

10. Subject to the terms of the Subsidiary Share Option Scheme, the board of directors of the Subsidiary shall be entitled at any time within the period described in paragraph 4 to make an offer to any Subsidiary Share Option Scheme Participant, as the board of directors of the Subsidiary may in its absolute discretion select, to take up an option pursuant to which such Subsidiary Share Option Scheme Participant may, during the option period, subscribe for such number of Shares as the board of directors of the Subsidiary may determine, at the subscription price. The Subsidiary Share Option Scheme does not specify the requirements as to minimum period for which an option must be held or minimum performance targets that must be reached before the option can be exercised in whole or in part. The offer shall specify the terms on which the option is to be granted. Such terms may include (i) minimum periods for which an option must be held; and/or (ii) minimum performance targets that must be reached before the option can be exercised in whole or in part; and/or (iii) such other terms as may be imposed at the discretion of the board of directors of the Subsidiary either on a case-by-case basis or generally. A date of grant shall be a business day.

11. An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of the Subsidiary of HK\$10.00 by way of consideration for the grant thereof, is received by the Subsidiary within 14 days from the date on which the letter containing the offer is delivered to the Subsidiary Share Option Scheme Participant. Such remittance shall not be refundable in any circumstances.
12. (a) Subject to (b) below, the subscription price shall be the higher of (i) such amount representing not more than four times the “Latest Earnings Per Share” and (ii) the nominal value of a Share.

(b) For any option granted during the period commencing six months before the lodgement of an application with the relevant stock exchange for the Listing and at any time thereafter, the subscription price shall be not less than the higher of (i) the issue price of a Share at the Listing; (ii) such amount representing not more than four times the Latest Earnings Per Share and (iii) the nominal value of a Share.

(c) In the event the relevant stock exchange prohibits the exercise of the option by the grantee at the subscription price set out above, the Subsidiary shall redeem the option at a cash consideration being not more than five times the Latest Earnings Per Share. Payment of the redemption shall be made to the grantee within 30 days of the date of the Listing.
13. The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association of the Subsidiary for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date when the name of grantee is registered in the register of members of the Subsidiary. Prior to the grantee being registered in the register of members of the Subsidiary, the grantee shall not have any voting rights, or rights to participate in any dividends or distributions or any rights arising on a liquidation of the Subsidiary, in respect of the Shares to be issued upon the exercise of the option.
14. Subject to the provisions of the rules of the scheme, the Subsidiary Share Option Scheme shall be valid and effective for the period set out in paragraph 4. After the Listing or the expiry of the ten-year period from the date of adoption of the Subsidiary Share Option Scheme, whichever is earlier, no further options shall be offered or granted and no options shall be exercisable

15. An option shall lapse automatically (to the extent not already exercised) on the earliest of:
- (i) the expiry of the option period as stipulated in the offer letter;
 - (ii) the date of the commencement of the winding-up of the Subsidiary;
 - (iii) the expiry of the Scheme in accordance with paragraph 14;
 - (iv) the date on which the grantee commits a breach of paragraph 20 below; and
 - (v) the date on which the Subsidiary Share Option Scheme Participant ceases to be employed by or ceases to be a director of the Subsidiary or any of its subsidiaries.
16. In the event of any capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Subsidiary, while any option granted remains exercisable, such corresponding adjustment (if any) may be made to (a) the number of Shares subject to any option so far as such option remains unexercised and subject to the Subsidiary Share Option Scheme and/or (b) the subscription price, provided that any such adjustment shall be made on the basis that the grantee shall have as nearly as possible the same proportion of the equity capital of the Subsidiary which he was entitled before such adjustment and the aggregate subscription price payable by the grantee on the full exercise of any option shall remain as nearly as possible the same as (but not greater than) it was before such event.
- The auditors for the time being of the Subsidiary shall certify in writing any adjustment made is in their opinion fair and reasonable.
- No such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value.
17. Any options granted but not exercised within the exercise period as set out in paragraph 9 will be cancelled by the Subsidiary. The Grantee shall not be entitled to any redemption or compensation or benefits whatsoever and shall have no claim against the Company.
18. The Shares issued on exercise of the options will on issue be identical to the then existing issued shares of the Subsidiary.

19. The Subsidiary by ordinary resolution in general meeting or the board of directors of the Subsidiary may at any time terminate the operation of the Subsidiary Share Option Scheme and in such event no further options will be offered or granted but in all other respects the provisions of the Subsidiary Share Option Scheme shall remain in full force and effect. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Subsidiary Share Option Scheme and remain unexpired immediately prior to the termination of the operation of the Subsidiary Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Subsidiary Share Option Scheme.
20. An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any option. Any breach of the foregoing shall entitle the Subsidiary to cancel any outstanding option or part thereof granted to such grantee without incurring any liability on the part of the Subsidiary.
21. The Subsidiary shall, subject that the grantee having fulfilled the terms and conditions of the options, redeem and cancel a particular option by paying the grantee in cash such amount not more than five times the Latest Earnings Per Share upon the occurrence of the earliest of any the following circumstances before the Listing:
 - (i) upon the grantee ceasing to be a Subsidiary Share Option Scheme Participant for any reason other than his or her resignation or on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the board of the Subsidiary) on any other grounds on which the Subsidiary or the relevant subsidiaries would be entitled to terminate his or her employment or directorship at common law or pursuant to any applicable laws or under the grantee's service contract with the Subsidiary or the relevant subsidiary or as a result of mandatory dismissal under the relevant laws and regulations;
 - (ii) upon the change in control of the Subsidiary (other than pursuant to a reorganisation for the Listing); and
 - (iii) such circumstances as the board of directors of the Subsidiary considers appropriate provided that in case the grantee is a connected person or an associate of a connected person of the Company (within the meaning of the

Listing Rules), such redemption shall be approved by the board of directors of the Subsidiary, ***and for so long as the Subsidiary remains a subsidiary of the Company, the independent non-executive directors of the Company or a board committee of the Company with the majority being independent non-executive directors of the Company.***

22. The Subsidiary Share Option Scheme may be altered in any respect by resolution of the board of directors of the Subsidiary except those specific provisions of the Subsidiary Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules (namely the definitions of “Option Period”, “Participant” and “Grantee” and the provisions in the rules of the Subsidiary Share Option Scheme in relation to matters set out in paragraphs 1, 3, 7 to 18, 20 and 22 in this Appendix) which cannot be altered to the advantage of the Subsidiary Share Option Scheme Participants and no changes to the authority of the directors or administrator of the Subsidiary Share Option Scheme in relation to any alteration of the terms of the Subsidiary Share Option Scheme shall be made, without the prior approval of shareholders of the Subsidiary ***and for so long as the Subsidiary remains a subsidiary of the Company, the prior approval of the shareholders of the Company in general meeting.*** Any alterations to the terms and conditions of the Subsidiary Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the shareholders of the Subsidiary ***and for so long as the Subsidiary remains a subsidiary of the Company, approved by the shareholders of the Company in general meeting,*** except where the alterations take effect automatically under the existing terms of the Subsidiary Share Option Scheme. The Subsidiary Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting (the “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, 31 July 2002 at 11:30 a.m. (or such time immediately after the conclusion of the Annual General Meeting held on the same date and at the same place) to consider, and if thought fit, pass the following ordinary resolutions with or without amendments:

1. “THAT conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the Existing Scheme (as hereinafter defined) and the grant of options (the “Options”) thereunder, and the listing of and permission to deal in the shares to be issued pursuant to the exercise of any Options granted thereunder, the rules of share option scheme (the “Existing Scheme”) of the Company adopted on 29 December 2000 be and are hereby amended and replaced by the amended rules of the Existing Scheme (a copy of which has been produced to this Meeting marked ‘A’ and initialled by the chairman of the Meeting for the purpose of identification) and the directors of the Company be and are hereby authorised, at their absolute discretion, to grant Options and to allot and issue shares pursuant to the exercise of subscription rights attaching to any Options up to 10% of the issued share capital of the Company at the date hereof.”
2. “THAT the share option scheme of Next Media Publishing Limited (a copy of the rules of such scheme has been produced to this Meeting marked ‘B’ and initialled by the chairman of the Meeting for the purpose of identification) and share option scheme of Apple Daily Publication Development Limited (a copy of the rules of such scheme has been produced to this Meeting marked ‘C’ and initialled by the chairman of the Meeting for the purpose of identification) be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate for the foregoing purpose.”

By Order of the Board
Lee Yuen Mei, Janis
Company Secretary

Hong Kong, 15 July 2002

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote for him in accordance with the Articles of Association of the Company. A proxy need not be a member of the Company.
- (2) To be valid, a form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney 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 fixed for holding the meeting or any adjournment thereof.
- (3) The Register of Members of the Company will be closed from 29 July 2002 to 31 July 2002, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, 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 26 July 2002.