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

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

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

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 0282)**

**PROPOSALS FOR  
ADOPTION OF THE SUBSIDIARY SHARE OPTION SCHEMES  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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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 Tuesday, 11 March 2008 at 11:30 a.m. is set out on pages 18 to 19 of this circular.

If you are not able to attend the Extraordinary 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 Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjournment thereof should you so wish.

22 February 2008

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## DEFINITIONS

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

“ACIL”	Apple Community Infonet Limited, a private company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“ACIL Share Option Scheme”	the share option scheme of ACIL to be approved by the Shareholders of the Company
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“Company”	Next Media Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 32)
“Controlling Shareholder”	Mr. Lai Chee Ying, Jimmy who held 1,786,133,165 Shares, representing approximately 74.06 percent of the total issued Shares of the Company, as at the Latest Practicable Date
“Directors”	the directors of the Company
“EGM Notice”	the notice convening the Extraordinary General Meeting, which is set out on pages 18 to 19 of this circular
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held on Tuesday, 11 March 2008 at 11:30 a.m.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Latest Practicable Date”	20 February 2008, 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
“NMAL”	Next Media Animation Limited, a private company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“NMAL Share Option Scheme”	the share option scheme of NMAL to be approved by the Shareholders of the Company
“NMWL”	Next Media Webcast Limited, a private company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“NMWL Share Option Scheme”	the share option scheme of NMWL to be approved by the Shareholders of the Company
“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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Share Option Schemes”	the NMAL Share Option Scheme, NMWL Share Option Scheme and ACIL Share Option Scheme, a summary of the principal terms of which is set out in the Appendix of this circular
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

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## LETTER FROM THE BOARD

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# **NEXTmedia**

## **NEXT MEDIA LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 0282)**

*Executive Directors:*

Lai Chee Ying, Jimmy

*(Chairman and Chief Executive Officer)*

Ting Ka Yu, Stephen

Ip Yut Kin

Tung Chuen Cheuk

*Registered office:*

8 Chun Ying Street

Tseung Kwan O Industrial Estate West

Tseung Kwan O

New Territories

Hong Kong

*Independent Non-Executive Directors:*

Yeh V-Nee

Fok Kwong Hang, Terry

Kao Kuen, Charles

22 February 2008

*To the Shareholders*

Dear Sir or Madam,

### **PROPOSALS FOR ADOPTION OF THE SUBSIDIARY SHARE OPTION SCHEMES AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **INTRODUCTION**

The purpose of this circular is to give you notice of the Extraordinary General Meeting to be held on Tuesday, 11 March 2008 and to provide you with information regarding adoption of the Subsidiary Share Option Schemes to be proposed at the Extraordinary General Meeting.

#### **ADOPTION OF THE SUBSIDIARY SHARE OPTION SCHEMES**

The Company's three wholly-owned subsidiaries, ACIL, NMAL and NMWL, propose to adopt the ACIL Share Option Scheme, the NMAL Share Option Scheme and the NMWL Share Option Scheme. The three schemes are on substantially similar terms and are designed 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 ACIL, NMAL and NMWL, respectively and for the benefit of the Company as a whole.

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## LETTER FROM THE BOARD

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ACIL is engaged in developing internet platforms for information exchange. NMAL is engaged in animation production. NMWL is engaged in broadcasting information on the internet.

As at the Latest Practicable Date, there were no other share option schemes in place by ACIL, NMAL or NMWL.

The shares to be issued upon an exercise of the options granted under the Subsidiary Share Option Schemes will be shares in ACIL, NMAL or NMWL (as the case may be), not the Company's Shares. Under the terms of the Subsidiary Share Option Schemes, the exercise price of each option is to be determined by the respective board of ACIL, NMAL and NMWL but shall not be less than the nominal value of a share in ACIL, NMAL and NMWL (as the case may be). Factors of consideration may include years of service, position, level of responsibilities, etc..

Under the Subsidiary Share Option Schemes, ACIL, NMAL and NMWL shall, subject to the grantee having fulfilled the terms and conditions of the options (if any), redeem and cancel a particular option by paying the grantee in cash such amount as determined by the board of ACIL, NMAL and NMWL (as the case may be) upon the occurrence of the earliest of any of the following circumstances before a listing of shares in ACIL, NMAL and NMWL (as the case may be) ("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 ACIL, NMAL or NMWL (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 ACIL, NMAL or NMWL or the relevant subsidiary or as a result of mandatory dismissal under the relevant laws and regulations;
- (ii) upon the change in control of ACIL, NMAL or NMWL, as the case may be, other than pursuant to a reorganisation for the Listing; and

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## LETTER FROM THE BOARD

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- (iii) such circumstances as the board of ACIL, NMAL or NMWL (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 ACIL, NMAL or NMWL (as the case may be), and for so long as ACIL, NMAL or NMWL (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 ACIL, NMAL or NMWL remains a subsidiary of the Company:

1. Any grant of options under the relevant scheme to any director, chief executive or substantial shareholder of ACIL, NMAL or NMWL (as the case may be) or of the Company or any of their respective associates (as such terms are defined in the Listing Rules) shall 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), and like all other grantees of the scheme, if the number of securities issued and to be issued upon exercise of the options granted to such director, chief executive or substantial shareholder or their respective associates in any 12-month period exceed 1% of the relevant class of securities of the Subsidiary in issue, such further grant must be separately approved by shareholders of the relevant subsidiary and, Shareholders of the Company with such grantee and his associates (as such term is defined in the Listing Rules) abstaining from voting.
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 ACIL, NMAL or NMWL (as the case may be); and

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## LETTER FROM THE BOARD

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- (b) having an aggregate net asset value, assuming such options were exercised and based on the latest audited accounts of ACIL, NMAL or NMWL (as the case may be), in excess of HK\$5 million (or such other amount as may from time to time be specified by the Stock Exchange),

such grant of options shall be subject to prior approval by the Shareholders of the 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 of this circular shall, in addition to obtaining the approval by shareholders of ACIL, NMAL or NMWL (as the case may be), be subject to the approval by the Shareholders of the Company in general meeting for so long as ACIL, NMAL or NMWL (as the case may be) remains a subsidiary of the Company.
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 respective shareholders of ACIL, NMAL and NMWL have given approvals for the adoption of the relevant scheme on the Latest Practicable Date. The Subsidiary Share Option Schemes are conditional on the approval by the Shareholders of the Company at the Extraordinary General Meeting.

Each of the Subsidiary Share Option Schemes complies with the applicable requirements under Chapter 17 of the Listing Rules.

### **EXTRAORDINARY GENERAL MEETING**

The EGM Notice is set out on pages 18 to 19 of this circular. A form of proxy for use at the Extraordinary General Meeting is enclosed.

The Register of Members of the Company will be closed from Monday, 10 March 2008 to Tuesday, 11 March 2008, 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, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Friday, 7 March 2008.

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## LETTER FROM THE BOARD

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### PROCEDURES FOR DEMANDING POLL

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

- (a) the chairman of the general meeting; or
- (b) at least three Shareholders present in person or by proxy and entitled to vote; or
- (c) any Shareholder(s) present in person or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (d) any Shareholder(s) present in person or by proxy and holding Shares conferring a right to attend and vote at the general meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five percent (5%) or more of the total voting rights at such meeting.

### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the adoption of the Subsidiary Share Option Schemes are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend all Shareholders to vote in favour of all the ordinary resolutions to be proposed at the Extraordinary General Meeting.

The Controlling Shareholder has indicated that he intends to vote in favour of all of the ordinary resolutions to be proposed at the Extraordinary General Meeting in respect of his holding of Shares.

Yours faithfully,  
By order of the Board  
**Stephen Ting**  
*Director*

For the purpose of this appendix,

“Subsidiary” shall mean ACIL, NMAL or NMWL, as the case may be.

“Subsidiary Share Option Scheme” shall mean the new proposed share option scheme of ACIL, NMAL or NMWL, as the case may be.

The following is a summary of the principal terms 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 proprietary 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 its shareholders 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 right to (i) interpret and construe the provisions of the Subsidiary Share Option Scheme, (ii) determine the persons who will be offered options under the Subsidiary Share Option Scheme, and the number of shares in the Subsidiary and subscription price, subject to the terms described in paragraphs 7, 8 and 12 below, in relation to such options, (iii) subject to the terms described in paragraph 22 below, make such appropriate and equitable adjustments to the terms of the options granted under the Scheme as it deems necessary, and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of the Subsidiary Share Option Scheme.
3. The Subsidiary Share Option Scheme Participants include:
  - (i) any full-time employee of the Subsidiary or of any of its subsidiaries;
  - (ii) directors of the Subsidiary or of any of its subsidiaries; and
  - (iii) any person who the board of directors of the Subsidiary considers to be able to enhance the operations or value of the Subsidiary.

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 (except for the Company, which is already listed on the Stock Exchange) 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, or any of their respective associates (as defined in the Listing Rules), 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 asset value, assuming such options 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, 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 of the Company in connection therewith.

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 from dealing in the Shares 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 approval 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 (for so long as the Subsidiary remains a subsidiary 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 and to be granted to each Subsidiary Share Option Scheme Participant or 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 Subsidiary Share Option Scheme Participant or grantee (as the case may be) 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 the relevant exercise period of the options, 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 or 10 years from the date of grant of the option, whichever is the earlier.
  
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 paragraph (b) below, the subscription price shall be determined solely by the board of directors of the Subsidiary but shall always be higher than or equal to the nominal value of a share.
- (b) For any option granted after the Subsidiary has resolved to seek a Listing or during the period commencing 6 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; and (ii) 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 as a result of the Listing, the Subsidiary shall redeem the option at a cash consideration equivalent to the final issue price of a share of the Subsidiary at the Listing. 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 10-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 Subsidiary.
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 valid and 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 (if any), redeem and cancel a particular option by paying the grantee in cash at the subscription price in 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.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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# **NEXTmedia**

## **NEXT MEDIA LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 0282)**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of Next Media Limited (the “Company”) will be held at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong on Tuesday, 11 March 2008 at 11:30 a.m. for the purpose of considering and if thought fit, passing the following ordinary resolutions with or without amendment:–

1. **“THAT** the rules of the proposed share option scheme of Apple Community Infonet Limited (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) 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 to implement and give effect to the scheme.”
2. **“THAT** the rules of the proposed share option scheme of Next Media Animation Limited (a copy of which has been produced to this Meeting marked ‘B’ 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 to implement and give effect to the scheme.”
3. **“THAT** the rules of the proposed share option scheme of Next Media Webcast Limited (a copy of which 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 to implement and give effect to the scheme.”

By Order of the Board

**Wong Shuk Ha, Cat**

*Company Secretary*

Hong Kong, 22 February, 2008

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. Any member of the Company entitled to attend and vote at the Extraordinary 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 Extraordinary General Meeting or any adjournment thereof.
3. The Register of Members of the Company will be closed from Monday, 10 March 2008 to Tuesday, 11 March 2008, 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 Registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Friday, 7 March 2008.