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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  
RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
ALTERATION OF THE AUTHORISED SHARE CAPITAL,  
TERMINATION OF EXISTING SCHEME AND  
ADOPTION OF THE 2007 SHARE OPTION SCHEME OF THE COMPANY,  
TERMINATION OF EXISTING SCHEMES AND  
ADOPTION OF THE SUBSIDIARY SHARE OPTION SCHEMES,  
AMENDMENT TO THE ARTICLES OF ASSOCIATION  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting of Next Media Limited to be held at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong on Monday, 30 July 2007 at 11:00 a.m. is set out on pages 33 to 38 of this circular.

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

4 July 2007

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## DEFINITIONS

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

“2007 Share Option Scheme”	the share option scheme to be adopted by the Company in the Annual General Meeting, a summary of the principal terms of which is set out in Appendix III of this circular
“ADPDL”	Apple Daily Publication Development Limited, a private company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“ADPDL Share Option Scheme”	The share option scheme adopted by ADPDL on 31 July 2002
“AGM Notice”	the notice convening the Annual General Meeting, which is set out on pages 33 to 38 of this circular
“Annual General Meeting”	the annual general meeting of the Company to be held on Monday, 30 July 2007 at 11:00 a.m.
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time
“Board”	the board of directors of the Company
“Company”	Next Media Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 32), as amended from time to time
“Controlling Shareholder”	Mr. Lai Chee Ying, Jimmy who held 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
“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”	28 June 2007, 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 private company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“NMPL Share Option Scheme”	the share option scheme adopted by NMPL on 31 July 2002
“Preference Share(s)”	2 percent convertible non-voting non-cumulative preference share(s) of HK\$1.75 each in the capital of the Company, all of which are beneficially owned by the Controlling Shareholder and have been fully converted into Shares
“Repurchase Proposal”	the proposed general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution on the Stock Exchange, Shares representing up to a maximum of 10 percent of the issued share capital of the Company as at the date of passing the Repurchase Resolution
“Remuneration Committee”	the remuneration committee established by the Board on 15 March 2005 with specific terms of reference with primary responsibility for reviewing and developing all policies appertaining to the remuneration of the Directors and members of senior management
“Repurchase Resolution”	the proposed ordinary resolution as referred to in Resolution No. 7 of the AGM Notice
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571), as amended from time to time
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company, or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time
“Shareholder(s)”	holder(s) of Share(s)

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Share Option Schemes”	share option scheme of each of ADPDL and NMPL to be approved by the Shareholders at the Annual General Meeting, a summary of the principal terms of which is set out in Appendix IV 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*)

Ting Ka Yu, Stephen (*Chief Executive Officer*)

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

4 July 2007

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
ALTERATION OF THE AUTHORISED SHARE CAPITAL,  
TERMINATION OF EXISTING SCHEME AND  
ADOPTION OF THE 2007 SHARE OPTION SCHEME OF THE COMPANY,  
TERMINATION OF EXISTING SCHEMES AND ADOPTION OF THE  
SUBSIDIARY SHARE OPTION SCHEMES,  
AMENDMENT TO THE ARTICLES OF ASSOCIATION  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to give you notice of the Annual General Meeting to be held on Monday, 30 July 2007 and to provide you with information regarding the following resolutions to be proposed at the Annual General Meeting:

- (a) ordinary resolutions relating to (i) the re-election of Directors, (ii) the granting to the Directors of general mandates to allot and issue and repurchase Shares of the Company, (iii) alteration of the authorised share capital, (iv) termination of existing scheme and adoption of the 2007 Share Option Scheme of the Company, and (v) termination of existing schemes and adoption of the Subsidiary Share Option Schemes; and

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## LETTER FROM THE BOARD

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- (b) special resolution relating to (vi) the amendment to the Articles of Association of the Company.

### **RE-ELECTION OF DIRECTORS**

Pursuant to Articles 84 and 85 of the Articles of Association, at every annual general meeting, one-third of the relevant number of Directors or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office. Accordingly, Mr. Lai Chee Ying, Jimmy, Mr. Tung Chuen Cheuk and Dr. Kao Kuen, Charles will retire from office and, being eligible, offer themselves for re-election at the Annual General Meeting. Biographical details of such Directors are set out in Appendix I of this circular.

### **GENERAL MANDATE TO ISSUE SHARES**

At the annual general meeting of the Company held on 19 July 2006, a general mandate was granted to the Directors to exercise the power of the Company to allot and issue Shares (and securities convertible into Shares). This mandate will expire at the conclusion of the Annual General Meeting. Accordingly, an ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors a general mandate to allot and issue Shares (and securities convertible into Shares) with an aggregate nominal amount not exceeding 20 percent of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the resolution. This 20 percent limit will not apply to Shares that may be issued pursuant to, inter alia, (i) a rights issue, and (ii) the exercise of subscription rights under any share option scheme.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the annual general meeting of the Company held on 19 July 2006, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase Shares representing up to a maximum of 10 percent of the aggregate nominal amount of the issued share capital of the Company. This mandate will expire at the conclusion of the Annual General Meeting. Accordingly, the Repurchase Resolution will be proposed at the Annual General Meeting. In accordance with the rules regulating the repurchase of securities on the Stock Exchange, an explanatory statement providing the requisite information relating to the Repurchase Proposal is set out in Appendix II of this circular.

### **EXTENSION OF SHARE ISSUE MANDATE**

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

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## LETTER FROM THE BOARD

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### ALTERATION OF THE AUTHORISED SHARE CAPITAL

As a result of full conversion of the issued Preference Shares into Shares, there no longer exists any outstanding issued Preference Shares in the Company. As such, the Board proposes to alter the authorised share capital of the Company from HK\$4,600,000,000.00 divided into 2,570,000,000 Shares of HK\$1.00 each and 1,160,000,000 Preference Shares of HK\$1.75 each to HK\$4,600,000,000.00 divided into 4,600,000,000 Shares of HK\$1.00 each by re-designating all Preference Shares of HK\$1.75 each to Shares of HK\$1.00 each in the authorised share capital of the Company.

There is no present intention to issue any Shares immediately after the alteration of the authorised share capital of the Company.

### TERMINATION OF EXISTING SCHEME AND ADOPTION OF THE 2007 SHARE OPTION SCHEME OF THE COMPANY

The existing share option scheme of the Company was adopted by Shareholders on 29 December 2000 and amended pursuant to an ordinary resolution dated 31 July 2002, which has a life of 10 years. As the options granted under the existing scheme, subject to fulfilment of any other terms at the time of grant, will only vest in full after three years from the relevant date of grant, the Directors propose to adopt the 2007 Share Option Scheme before the end of the existing scheme to ensure a smooth transition. As such, the Board proposes to terminate the existing scheme and adopt the 2007 Share Option Scheme which has substantially similar terms as the existing one. A summary of the principal terms of the 2007 Share Option Scheme is set out in Appendix III of this circular.

Since the adoption of the existing share option scheme of the Company on 29 December 2000 and up to and including the Latest Practicable Date, there have been:–

- (a) Options granted: 67,260,000
- (b) Options exercised: 18,086,200
- (c) Options lapsed: 5,781,800; and
- (d) Options cancelled: 16,100,000.

As at the Latest Practicable Date, there were outstanding 27,292,000 options granted under the existing share option scheme of the Company entitling the holders thereof to subscribe for a total of 27,292,000 Shares, representing approximately 1.13% of the total issued share capital of the Company. Such options will continue to exist in accordance with their terms of grant after the termination of the scheme. Assuming there is no change in the share capital of the Company between the Latest Practicable Date and the day on which the 2007 Share Option Scheme is adopted, there will be 2,411,828,881 Shares in issue. The maximum number of which may be granted under the 2007 Share Option Scheme and any other schemes of the Company will be 241,182,888.



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## LETTER FROM THE BOARD

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In accordance with the Listing Rules, the Directors are required to state in this circular the value of all options that can be granted pursuant to the 2007 Share Option Scheme as if they had been granted on the Latest Practicable Date. 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 the relevant 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 turn depends on when options are granted under the 2007 Share Option 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 2007 Share Option 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.

The 2007 Share Option Scheme is conditional on:-

- (a) approval by the Shareholders in the Annual General Meeting for the adoption of the 2007 Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of the options under the 2007 Share Option Scheme and any other schemes of the Company, up to 10% of the issued share capital of the Company as at the date of the Annual General Meeting.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of the options under the 2007 Share Option Scheme and any other schemes of the Company, up to 10% of the issued share capital of the Company as at the date of the Annual General Meeting.

### **TERMINATION OF EXISTING SCHEMES AND ADOPTION OF THE SUBSIDIARY SHARE OPTION SCHEMES**

The Company's two wholly-owned subsidiaries, ADPDL and NMPL, has in place the ADPDL Share Option Scheme and the NMPL Share Option Scheme which were both adopted on 31 July 2002. The two 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 ADPDL and NMPL, respectively and for the benefit of the Company as a whole.

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## LETTER FROM THE BOARD

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ADPDL is engaged in the publication of a newspaper entitled *Apple Daily* and a free daily entitled *Sharp Daily* in Taiwan. NMPL is engaged in the publication of *Taiwan Next Magazine* in Taiwan.

As at the Latest Practicable Date, the outstanding options granted under the ADPDL Share Option Scheme and NMPL Share Option Scheme were 770,000 and 275,000, which entitle the holders thereof to subscribe for 770,000 shares of HK\$0.01 each and 275,000 shares of HK\$0.01 each in ADPDL and NMPL respectively, representing approximately 7.7% and 2.75% of the total issued share capital of ADPDL and NMPL respectively.

At the time when the ADPDL Share Option Scheme and the NMPL Share Option Scheme were adopted in 2002, it was anticipated that a listing of ADPDL or NMPL was imminent. Circumstances have changed since then and the respective board of directors considers that new share option schemes should be adopted to allow the Subsidiaries to have greater flexibility in recruiting and retaining high-calibre employees and attracting experts who are valuable to their operations. The respective board of directors of ADPDL and NMPL therefore proposes to terminate each of the existing ADPDL Share Option Scheme and the NMPL Share Option Scheme and adopt the Subsidiary Share Option Schemes. Such termination and adoption is subject to approval by Shareholders of the Company at the Annual General Meeting and by the respective shareholders of ADPDL and NMPL. A summary of the principal terms of the Subsidiary Share Option Schemes is set out in Appendix IV of this circular.

The shares to be issued upon an exercise of the options granted under the Subsidiary Share Option Schemes will be shares in ADPDL or NMPL (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 ADPDL and NMPL but shall not be less than the nominal value of a share in ADPDL or NMPL (as the case may be).

Under the Subsidiary Share Option Schemes, ADPDL and NMPL 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 ADPDL or NMPL (as the case may be) upon the occurrence of the earliest of any of the following circumstances before a listing of shares in ADPDL or NMPL (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 ADPDL 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 ADPDL or NMPL or the relevant subsidiary or as a result of mandatory dismissal under the relevant laws and regulations;

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## LETTER FROM THE BOARD

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- (ii) upon the change in control of ADPDL or NMPL, as the case may be, other than pursuant to a reorganisation for the Listing; and
- (iii) such circumstances as the board of ADPDL 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 ADPDL or NMPL (as the case may be), and for so long as ADPDL 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 ADPDL or NMPL remains a subsidiary of the Company:

1. Any grant of options under the relevant scheme of ADPDL or NMPL (as the case may be) to any director, chief executive or substantial shareholder of the Company 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 ADPDL 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 ADPDL or NMPL (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 IV shall, in addition to obtaining the approval by shareholders of

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## LETTER FROM THE BOARD

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ADPDL 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 ADPDL or NMPL (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 ADPDL and NMPL have given approvals for the adoption of the relevant scheme. The Subsidiary Share Option Schemes are conditional on the approval by the shareholders of the Company at the Annual General Meeting.

### AMENDMENT TO THE ARTICLES OF ASSOCIATION

As a result of the full conversion of the Preference Shares into Shares by the Controlling Shareholder, the Company no longer has in issue any Preference Shares. As such, the Board proposes to amend the Articles of Association by removing the terms of the Preference Shares from the Articles of Association.

Subject to the passing of the resolution in relation to the alteration of the authorised share capital of the Company as described above, amendments will also be made to the Articles of Association reflecting the latest capital structure of the Company.

In order to reflect the provisions in the Listing Rules regarding circumstances in which a poll must be demanded, article 61 of the Articles of Association is proposed to be amended so that voting must be conducted by way of poll if required under the provisions of the Listing Rules.

Details of the proposed amendments to the Articles of Association are set out in the AGM Notice. A special resolution will be proposed at the Annual General Meeting in relation to the above amendments.

### ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 33 to 38 of this circular. A form of proxy for use at the Annual General Meeting is enclosed.

The Register of Members of the Company will be closed from Thursday, 26 July 2007 to Monday, 30 July 2007, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend and special dividend (which are described in the 2006/07 annual report of the Company) and to be eligible to attend and vote at the Annual 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 Wednesday, 25 July 2007.

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## LETTER FROM THE BOARD

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

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

### 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.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the general mandate to allot and issue Shares, the Repurchase Proposal, alteration of the authorised share capital, termination of existing scheme and adoption of the 2007 Share Option Scheme, termination of existing schemes and adoption of the Subsidiary Share Option Schemes and amendment to the Articles of Association are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend all Shareholders to vote in favour of all of the ordinary resolutions and special resolution to be proposed as special business at the Annual General Meeting.

The Controlling Shareholder has indicated that he intends to vote in favour of all of the ordinary resolutions and special resolution to be proposed as special business at the Annual General Meeting in respect of his holding of Shares.

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

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## APPENDIX I      DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

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Pursuant to Articles 84 and 85, Mr. Lai Chee Ying, Jimmy, Mr. Tung Chuen Cheuk and Dr. Kao Kuen, Charles shall retire at the Annual General Meeting (being Directors retiring by rotation) and, being eligible, offer themselves for re-election at the Annual General Meeting. Their biographical details are as follows:

**Mr. Lai Chee Ying, Jimmy**, aged 58, has been the Company's Chairman since 1999, and is responsible for formulating the Group's corporate strategies. Prior to founding his publishing business in 1990, Mr. Lai had a distinguished 30-year career in the local garment industry, establishing and running the hugely successful Giordano manufacturing and retail chain. Mr. Lai entered the media industry by launching *Next Magazine* in March 1990, and he subsequently added several other popular titles to his stable of publications, including *Easy Finder* (September 1991), *Apple Daily* (June 1995), *Sudden Weekly* (August 1995), *Eat & Travel Weekly* (July 1997), *ME!* (December 2006) and *FACE* (May 2007). In recent years, Mr. Lai has extended the boundaries of the Group's operations from Hong Kong to Taiwan by launching *Taiwan Next Magazine* (May 2001), *Taiwan Apple Daily* (May 2003) and *Sharp Daily* (October 2006).

Other than in his capacity as a Director and a Controlling Shareholder by virtue of his shareholding interests in the Company (details of which are described below), Mr. Lai has no business relationship with the other Directors and senior management of the Company. Mr. Lai also did not have directorship held in other public companies in the last three years.

As at the Latest Practicable Date and as notified to the Company for the purposes of Part XV of the Securities and Futures Ordinance, Mr. Lai had a total personal, corporate and other interests in 1,786,133,165 Shares, representing approximately 74.06 percent of the issued share capital of the Company.

Mr. Lai has an employment contract with ADPDL, a wholly-owned subsidiary of the Company, for a term of three years commencing on 1 September 2006. Pursuant to his employment contract, Mr. Lai is entitled to receive an annual remuneration of NT\$3,300,000. He is also entitled to receive a Director's fee, currently being HK\$200,000 per annum, as may be reviewed by the Remuneration Committee and determined by the Board with reference to his responsibilities and prevailing market practices by the end of the year ending 31 March 2008 subject to an authority being granted by the Shareholders at the Annual General Meeting. Mr. Lai received emoluments including salaries and other benefits in the total amount of HK\$2,848,518 and a Director's fee of HK\$200,000 for the year ended 31 March 2007.

Save as disclosed above, there is no information relating to Mr. Lai which is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

**Mr. Tung Chuen Cheuk**, aged 65, is currently the Chairman of *Apple Daily*, and he has been a Director of the Company since June 2003. A graduate of Taiwan Provincial Cheng Kung University, Mr. Tung holds a Bachelor of Arts degree. His long and distinguished media career included spells with the BBC in London, *Reader's Digest* and *Ming Pao*.

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## APPENDIX I      DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

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Other than in his capacity as a Director and by virtue of his shareholding interests in the Company (details of which are described below), Mr. Tung has no business relationship with the other Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company. Mr. Tung also did not have directorship held in other public companies in the last three years.

As at the Latest Practicable Date and as notified to the Company for the purposes of Part XV of the Securities and Futures Ordinance, Mr. Tung had a total personal interest and family interest in 3,502,800 Shares and a derivative interest in respect of 3,000,000 Shares, representing approximately 0.15 and 0.12 percent of the issued share capital of the Company, respectively. Mr. Tung also had a derivative interest in respect of 50,000 ordinary shares of HK\$0.01 each in the capital of ADPDL within the meaning of Part XV of the Securities and Futures Ordinance, which represents Mr. Tung's entitlement to subscribe for 50,000 ordinary shares in ADPDL under the ADPDL Share Option Scheme.

Mr. Tung has a service contract with Apple Daily Limited, a wholly-owned subsidiary of the Company. Pursuant to his service contract, Mr. Tung is entitled to receive a monthly salary of HK\$244,846 on a 12-month basis and certain allowances. He is also entitled to a discretionary bonus pegged to performance. Such emoluments are determined by reference to job responsibilities, the Group's performance and profitability as well as remuneration benchmark in the industry. He is also entitled to receive a Director's fee, currently being HK\$200,000 per annum, as may be reviewed by the Remuneration Committee and determined by the Board with reference to his responsibilities and prevailing market practices by the end of the year ending 31 March 2008 subject to an authority being granted by the Shareholders at the Annual General Meeting. Mr. Tung received emoluments including salaries and other benefits in the total amount of HK\$4,675,161 and a Director's fee of HK\$200,000 for the year ended 31 March 2007.

Save as disclosed above, there is no information relating to Mr. Tung which is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

**Dr. Kao Kuen, Charles**, aged 73, became a Director of the Company in November 2003. He is the Chairman and Chief Executive Officer of ITX Services Limited, and he has sat on a number of advisory committees to the Government of the Hong Kong SAR. The pioneer of optical fibre communications, Dr. Kao holds a Ph.D. from the University of London and served as Vice Chancellor of the Chinese University of Hong Kong between October 1987 and July 1996. Over the years, Dr. Kao has won many prestigious international honours and awards. These include the Stewart Ballantine Medal, Rank Prize, L.M. Ericsson International Prize, Alexander Graham Bell Medal, Marconi International Fellowship, Faraday Medal of the IEE, Japan Prize and Charles Stark Draper Prize. Dr. Kao is also an independent non-executive director of Solomon Systech (International) Limited since March 2004. He was an independent non-executive director of Sunvision Holdings Limited for the period from January 2000 to December 2006. Save as disclosed above, Dr. Kao does not hold and has not held any directorships in other public companies in the last three years.

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## APPENDIX I      DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

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

As at the Latest Practicable Date and as notified to the Company for the purposes of Part XV of the Securities and Futures Ordinance, Dr. Kao did not have any interest in the issued share capital of the Company.

Dr. Kao does not have a service contract with the Company. He has been appointed as an independent non-executive director for a fixed term expiring on 31 March 2009, subject to the requirements of the Articles of Association relating to the rotation and re-election of Directors. Dr. Kao received a Director's fee of HK\$200,000 for the year ended 31 March 2007. He is also entitled to receive a Director's fee, currently being HK\$200,000 per annum, as may be reviewed by the Remuneration Committee and determined by the Board with reference to his responsibilities and prevailing market practices by the end of the year ending 31 March 2008 subject to an authority being granted by the Shareholders at the Annual General Meeting.

Save as disclosed above, there is no information relating to Dr. Kao which is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.



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

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

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company consisted of 2,411,828,881 Shares. Subject to the passing of the Repurchase Resolution and on the basis that no other Shares are issued or repurchased between the Latest Practicable Date and the date of the approval of the Repurchase Proposal, the Company would be authorised under the Repurchase Resolution to repurchase a maximum of 241,182,888 Shares (representing not more than 10 percent of the issued share capital of the Company traded on the Stock Exchange as at the Latest Practicable Date).

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

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

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

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

A material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 March 2007, the most recent published audited financial statements of the Company) may occur in the event that the general mandate under the Repurchase Proposal is utilised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general mandate under the Repurchase Proposal to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

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## APPENDIX II EXPLANATORY STATEMENT OF THE REPURCHASE PROPOSAL

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### 4. SHARE PRICES

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

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
June 2006	4.350	3.900
July 2006	4.600	4.100
August 2006	4.450	4.170
September 2006	4.500	4.100
October 2006	4.260	3.950
November 2006	4.170	3.040
December 2006	3.330	2.830
January 2007	3.060	2.500
February 2007	3.080	2.500
March 2007	3.020	2.660
April 2007	2.750	2.520
May 2007	2.760	2.490

### 5. UNDERTAKING

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

### 6. TAKEOVERS CODE

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

As at the Latest Practicable Date, the Controlling Shareholder held 1,786,133,165 Shares representing approximately 74.06 percent of the issued share capital of the Company. As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, the Controlling Shareholder and Madam Li Wan Kam, Teresa, who is the spouse of the Controlling Shareholder and is deemed to be interested in the Shares held by the Controlling Shareholder, are the only persons who are interested in 10 percent or more of the issued Shares.

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

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In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Proposal, the shareholding of the Controlling Shareholder and the deemed interest of Madam Li Wan Kam, Teresa would be increased to approximately 82.29 percent of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Proposal. The Directors have no intention to exercise the power to repurchase Shares to such an extent when the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25%.

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

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

### **8. MISCELLANEOUS**

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

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

The following is a summary of the principal terms of the 2007 Share Option Scheme:

1. The purpose of the share option scheme is to reward Participants (as described in paragraph 3 below) who have contributed to the Group and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.
2. The 2007 Share Option 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 right to (a) interpret and construe the provisions of the 2007 Share Option Scheme; (b) determine the persons (if any) who shall be offered options, and number of Shares and subscription price; (c) subject to provisions of the scheme, make such adjustments to the terms of the options granted under the scheme to the relevant grantee as the Board deems necessary, and shall notify the relevant grantee of such adjustment by written notice; and (d) make such other decisions or determinations as it shall deem appropriate in relation to offers of grant and/or the administration of the scheme provided that the same are not inconsistent with the provisions of the scheme and the Listing Rules.
3. The participants of the scheme (“Participants”) are directors (including executive directors, non-executive directors and independent non-executive directors) and full-time employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.
4. The Board is entitled at any time within 10 years after the adoption date of the 2007 Share Option Scheme (currently expected to be 30 July 2007) 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 (as defined in paragraph 12 below). The date on which an offer is made to a Participant shall be the date of grant for the purpose of the scheme and shall be a business day.
5. Each grant of options to any director, chief executive or substantial shareholder of the Company, or any of their respective associates 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 such grant:
  - (a) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; 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 further 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.

6. The 2007 Share Option Scheme prohibits the make 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 prescribed manner (if any) required under the Listing Rules or as the law of such jurisdiction applicable to the Company may require. 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 (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - (2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules).
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 2007 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time ("Scheme Limit").

The total number of Shares which may be issued upon exercise of all options to be granted under the 2007 Share Option Scheme and any other share option schemes of the Company shall not exceed 10% in nominal amount of the aggregate of Shares in issue on the adoption date of the scheme (currently expected to be 30 July 2007) (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 scheme and (as the case may be) such other share option schemes of the Company will 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 2007 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 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.

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 2007 Share Option 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 (as defined in paragraph 12 below)) 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.
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 determined and 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 10 years from the date of grant.
10. Subject to the terms of the 2007 Share Option Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the adoption date of the 2007 Share Option Scheme (currently expected to be 30 July 2007) 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 (as defined in paragraph 12 below). The offer shall specify the terms on which the option is to be granted. Such terms may at the discretion of the Board include, among other things, (i) the minimum period for which an option must be held before it can be exercised; and/or (ii) a performance target that must be reached before the option can be exercised in whole or in part; and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

11. An offer is deemed to be accepted when the Company receives from the grantee the offer letter signed by the grantee specifying the number of Shares in respect of which the offer is accepted and a remittance to the Company of HK\$10.00 as consideration for the grant of option 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 but in any event shall not be 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 which must be a business day;
  - (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 the Shares.
13. The Shares to be allotted upon the exercise of an option shall be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which Shares are allotted other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.
14. Subject to the provisions of the rules of the 2007 Share Option Scheme and the Listing Rules, the 2007 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date. After the expiry of the 10-year period, no further options shall be offered or granted but the provisions of the 2007 Share Option Scheme shall remain in full force and effect in all other respects, and options granted during the life of the scheme shall continue to be exercisable in accordance with their terms of grant.

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 the grantee ceasing to be a Participant by reason of his death before exercising his option in full and none of the events which would be a ground for termination of his employment as specified in paragraph (vi) below having arisen, 12 months from the date of his death;
    - (b) in the event of a grantee who is an employee or a director of the Company or another member of the Group ceasing to be a Participant for any reason other than his death or the termination of employment or directorship on one or more of the grounds specified in paragraph (vi) below, 14 days after the date of cessation or termination of employment (which date shall be the grantee's last actual working day with the Company or relevant subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable;
    - (c) in the event of a grantee who is not an employee or a director of the Company or another member of the Group ceasing to be a Participant as and when determined by the Board by resolution for any reason other than his death, the period notified to such grantee by the Board in a written notice to such grantee within 1 month from the date of cessation;
    - (d) in the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the period notified to the grantee by the Board;
    - (e) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph (iii) below, between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the period notified to the grantee by the Board in a notice to be given to all grantees on the same day as the Company gives notice of the meeting to its members or creditors to consider such compromise or arrangement;
  - (iii) the period notified to the grantee by the Board when a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (iv) below) is made to all the holders of Shares (or all such holders other than the offeror and or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, provided that if any court of competent jurisdiction makes an order the effect of



which is to prohibit the offeror from acquiring the remaining Shares in the offer, the relevant period within which options may be exercised shall not begin to run until the discharge of the order in question or unless the offer lapses or is withdrawn before that date;

- (iv) the expiry of the period for exercising the option notified to the grantee by the Board when a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings and has become effective;
  - (v) the date of the commencement of the winding-up of the Company;
  - (vi) the date on which the Grantee (if an employee or director of the Company or another member of the Group) 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 appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive and binding on the grantee;
  - (vii) the date on which the grantee commits a breach of paragraph 20 below; and
  - (viii) subject to paragraph (ii)(b) above, the date the grantee ceases to be a Participant for any other reason.
16. In the event of any alteration to the capital structure of the Company whilst any option remains exercisable, arising from capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange, other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, such corresponding alterations (if any) shall be made in (a) the number or nominal amount of Shares subject to the Option so far as unexercised, (b) the Subscription Price for the Shares subject to the Option so far as unexercised, (c) the Shares to which the Option relates, and (d) the method of exercise of the option, or any combination thereof as the auditors or the independent financial adviser to the Company shall at the request of the Company certify in writing to the Board either generally or as regards any particular grantee that the adjustments are in their opinion fair and reasonable, provided that any such adjustments shall give a grantee the same proportion of equity capital of the

Company as to which that grantee was previously entitled but no such alterations 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 the 2007 Share Option Scheme or other share option scheme of the Company with available unissued options (excluding the cancelled options) provided that such new options fall within the limits prescribed by paragraph 7, and are otherwise granted in accordance with the terms of the 2007 Share Option 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 2007 Share Option Scheme and in such event no further options will be offered or granted but in all other respects the provisions of the 2007 Share Option Scheme shall remain in full force and effect in respect of options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the scheme and which remain unexpired immediately prior to the termination of the operation of the scheme.
20. An option shall be personal to the grantee and shall not be assignable or transferable 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 by the grantee shall entitle the Company to cancel any outstanding option or any part thereof granted to such grantee to the extent not already exercised without incurring any liability on the part of the Company.
21. Those specific provisions of the 2007 Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of the Board in relation to any alteration of the terms of the scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the scheme which are of a material nature, or any change to the terms of options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the terms of the scheme. The scheme so altered must comply with Chapter 17 of the Listing Rules.

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**APPENDIX IV                      SUMMARY OF THE PRINCIPAL TERMS OF THE  
SUBSIDIARY SHARE OPTION SCHEMES**

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For the purpose of this appendix,

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

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

“Subsidiary Share Option Scheme” shall mean the new proposed share option scheme of ADPDL or NMPL, 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.

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 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 (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.

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**APPENDIX IV                      SUMMARY OF THE PRINCIPAL TERMS OF THE  
SUBSIDIARY SHARE OPTION SCHEMES**

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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,

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**APPENDIX IV                      SUMMARY OF THE PRINCIPAL TERMS OF THE  
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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 ANNUAL 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** the Annual General Meeting of Next Media Limited (the “Company”) will be held at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong on Monday, 30 July 2007 at 11:00 a.m. for the purpose of transacting the following business:–

### **Ordinary business**

1. To receive, consider and adopt the Reports of the Directors and the Auditors and the audited Financial Statements for the year ended 31 March 2007.
2. To declare a Final Dividend and a Special Dividend.
3. To re-elect Directors.
4. To authorise the Directors to fix the remuneration of the Directors.
5. To re-appoint Deloitte Touche Tohmatsu as auditors and to authorise the Directors to fix their remuneration.

### **Special business**

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

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

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## NOTICE OF ANNUAL GENERAL MEETING

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

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

- (c) for the purposes of this Resolution:

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

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

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

7. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all of the powers of the Company to repurchase shares in the capital of the Company, subject to and in

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## NOTICE OF ANNUAL GENERAL MEETING

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accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;

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

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

- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and
  - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Company in general meeting.”
8. “**THAT** conditional upon the passing of Resolutions Nos. 6 and 7 set out in the Notice of this Meeting, the aggregate nominal amount of shares of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with the mandate granted under Resolution No. 6 set out in the Notice of this Meeting be and is hereby increased and extended by adding the aggregate nominal amount of shares in the capital of the Company which may be repurchased by the Company pursuant to and in accordance with the mandate granted under Resolution No. 7 set out in the Notice of this Meeting provided that such amount of shares of the Company so repurchased shall not exceed 10 percent of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution.”
9. “**THAT** conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the 2007 Share Option 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 the share option scheme of the Company adopted on 29 December 2000 and amended on 31 July 2002 (the “Existing Scheme”) be and are hereby terminated and the rules of the proposed share option scheme of the Company (the “2007 Share Option Scheme”, a copy of which has been produced to this Meeting marked ‘A’ and initialled by the chairman of the

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## NOTICE OF ANNUAL GENERAL MEETING

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Meeting for the purpose of identification) be and are hereby adopted, 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 thereof.”

10. “**THAT** the rules of the share option scheme of Apple Daily Publication Development Limited (“ADPDL”) adopted on 31 July 2002 be and are hereby terminated and the rules of the proposed share option scheme of ADPDL (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 for the foregoing purpose.”
  
11. “**THAT** the rules of the share option scheme of Next Media Publishing Limited (“NMPL”) adopted on 31 July 2002 be and are hereby terminated and the rules of the proposed share option scheme of NMPL (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 for the foregoing purpose.”
  
12. “**THAT** the authorised share capital of the Company be and is hereby re-classified from HK\$4,600,000,000.00 divided into 2,570,000,000 ordinary shares of HK\$1.00 each and 1,160,000,000 preference shares of HK\$1.75 each (“Preference Shares”) into HK\$4,600,000,000.00 divided into 4,600,000,000 ordinary shares of HK\$1.00 each (“Ordinary Shares”) by:–
  - (a) re-designating the Preference Shares as Ordinary Shares; and
  - (b) removing all rights attached to the existing Preference Shares and replacing them with rights identical in all respects to the rights now attaching to the Ordinary Shares to the intent that all existing shares in the Company after such re-classification shall form one and the same class and have the same rights attached thereto and rank pari passu in all respects with each other.”

### SPECIAL RESOLUTION

To consider and, if though fit, pass the following as a special resolution:–

13. “**THAT** the articles of association of the Company be and are hereby amended in the following manner:
  - (a) by deleting in its entirety Article 4 and by replacing it with the following:
    - “4. The authorised share capital of the Company is HK\$4,600,000,000.00 divided into 4,600,000,000 ordinary shares of HK\$1.00 each.”;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) by deleting in its entirety Article 4A;
- (c) by deleting in its entirety Article 61 and by replacing it with the following:

“61. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or (before or on the declaration for 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 meeting; or
- (b) at least three Members present in person or by proxy and entitled to vote; or
- (c) any Member or Members present in person or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Members having the right to attend and vote at the meeting; or
- (d) any Member or Members present in person or by proxy and holding shares conferring a right to attend and vote at the 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.

Unless a poll is so demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has, on a show of hand, been carried or carried unanimously or by a particular majority or not carried by a particular majority or lost shall be final and conclusive and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.”

By Order of the Board  
**Cat Wong**  
*Company Secretary*

Hong Kong, 4 July 2007

*Notes:*

1. Any member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote instead of such member in accordance with the articles of association of the Company. A proxy need not be a member of the Company.

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## NOTICE OF ANNUAL GENERAL MEETING

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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 Annual General Meeting or any adjournment thereof.
  
3. The Register of Members of the Company will be closed from Thursday, 26 July 2007 to Monday, 30 July 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and special dividend and to be eligible to attend and vote at the Annual General Meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 25 July 2007.