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NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0282)

ISSUE OF SHARES UNDER A GENERAL MANDATE PROPOSED ADOPTION OF NEW SHARE SUBSCRIPTION AND FINANCING PLAN

The board of directors of the Company proposes to adopt the Share Subscription and Financing Plan in which Eligible Persons (including employees and directors of the Relevant Group Company) may be invited to participate except that a person who is a director of the Relevant Group Company cannot apply for a Plan Loan. Pursuant to the Share Subscription and Financing Plan, Eligible Persons may be invited to subscribe for new Shares and, with the subscription price financed by way of loan from the Relevant Group Company except that a person who is a director of the Relevant Group Company cannot apply for a Plan Loan.

The purpose of the Share Subscription and Financing Plan is to recognise the contributions of Eligible Persons, to seek to retain them for the continued operation and development of the Group and to attract suitable personnel for the further development of the Group. Through the Share Subscription and Financing Plan, Eligible Persons are encouraged to re-invest part of their remuneration by way of equity participation into the Company, thus closely aligning their goals and interests with those of the Company and its Shareholders as a whole.

PURPOSES AND ELIGIBLE PERSONS

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The Company now has in force the Existing Share Option Scheme. Once adopted, the Company will also have in force the Share Subscription and Financing Plan. It is intended that these will give the Company more flexibility in providing incentives, by way of equity participation, to such Eligible Persons in various jurisdictions in which members of the Group operate, where different regulations and tax regimes make it desirable for these Eligible Persons to be given different ways of participation in equity subject to all restrictions of the Listing Rules including the prohibition on issue of new Shares to connected persons of the Company without independent Shareholder approval. The Share Subscription and Financing Plan also provides an alternative for the relevant Eligible Persons (except for directors of the Relevant Group Company) to apply for a loan from the Relevant Group Company in respect of all or part of the subscription price. This feature is not available under the Existing Share Option Scheme.

The adoption of the Share Subscription and Financing Plan and its related rules do not require approval of Shareholders. The substance of the Share Subscription and Financing Plan is provision of financial benefits to employees and others structured so as to benefit the Company by requiring them to invest in it. It is to be administered by the Board and the Board will have full authority to delegate this role to a committee of directors. All directors will be eligible to sit on any such committee, subject to conflicts of interest, which will be selected by the Board if and when it determines to establish such a committee.

PRINCIPAL TERMS OF THE SHARE SUBSCRIPTION AND FINANCING PLAN

Duration

The Share Subscription and Financing Plan has no set term and may be terminated or suspended by the Board at any time.

Operation

The Board will select Eligible Persons to invite to participate in the Share Subscription and Financing Plan and determine the number of new Shares to be subscribed for, by reference to, amongst other things, their past or potential contributions to the growth and development of the Group. Similar factors may be taken into account under the Existing Share Option Scheme. These factors include years of service, position, level of responsibilities, performance target, etc. No guidelines have been established on whether Eligible Persons will be invited to participate under the Plan or offered options under the Existing Share Option Scheme, or both. When determining whether to provide incentive or award under the Plan or the Existing Share Option Scheme to such persons, the Board will consider factors such as the job nature and requirements, job missions and any individual circumstances such as tax implications. The Board is of the view that such incentive or award to employees is fair and reasonable as there is no benefit conferred on any particular Shareholder which is not available to the other Shareholders. Part of the purpose of the Plan is to provide incentive to employees so as to align their interests with those of the Shareholders. As such, the Board is of the view that the Plan is in the interest of the Company and its Shareholders as a whole. Shareholders' interests are also protected as the Company will comply with the requirements of the Listing Rules at the time of each relevant Invitation.

The Eligible Persons (excluding directors of the Relevant Group Company) may either pay the subscription price in full or, if they choose to do so, may apply for a loan from the Relevant Group Company for all or part of the subscription price on allotment of the Shares. Any such loan will be interest free. As the subscription price of any Shares offered under the Plan depends on the market price of the Shares at the time of Invitation, the maximum amount of the loans made by the Relevant Group Company cannot be ascertained at this stage and there is no assigned limit on the total amount of Plan Loans to be made. The extension of loans under the Plan is provided to the Eligible Persons as part and parcel of a whole incentive package. The Board is of the view that if the loan is provided with an interest bearing element, it will lower the attractiveness of the Plan and may even be negatively perceived by the Eligible Persons. As the Plan is for the interest of the Company and does not confer any benefit on any particular Shareholder, the Board considers that the extension of the loan is fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

If an Eligible Person is not a connected person of the Company for the purposes of the Listing Rules, then loans to that person will be not connected transactions of the Company for the purposes of the Listing Rules but may be notifiable transactions under Chapter 14 depending on their size.

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The Company will at the material time comply fully with the Listing Rules (including Chapter 14 as regards notifiable transactions and Chapter 14A as regards connected transactions). Depending on the sums involved, this may entail a public announcement, a circular to Shareholders and approval by those Shareholders who are permitted under the Listing Rules to vote on the proposal. Whilst issues of Shares generally can be made under general mandates granted to directors from time to time, if a proposed issue of Shares is to a connected person of the Company for the purposes of the Listing Rules then it will entail a public announcement, a circular to Shareholders and approval by those Shareholders who are permitted under the Listing Rules to vote on the proposal. Again, the Company will at the material time comply fully with the Listing Rules. The Company will also issue an announcement on the date of each Invitation made to Eligible Persons (with appropriate details included) and apply for the necessary listing approval on each occasion before issue of the relevant Shares.

When invitations are made, the Eligible Persons may, after satisfaction of certain conditions such as length of service and performance targets, subscribe for the maximum number of new Shares (but not more) stated in the relevant invitation letter, at a price which shall not represent a discount of 20% or more to the higher of:–

- (a) the closing price of the Shares on the Invitation Date; and
- (b) the average closing price of the Shares on the 5 trading days immediately prior to the Invitation Date, being the date of the announcement to be made on each Invitation Date.

Same discount will be offered to all selected Eligible Persons.

Subject to the rules of the Plan and to the obtaining of all consents and approvals for listing as may be required by law or under the Listing Rules including the permission to list, the Company shall allot the new Shares to those Eligible Persons who applied for the Shares.

It is not at present intended to apply guidelines similar, to the requirements of Chapter 17 of the Listing Rules (which apply to share option schemes) to the Plan. The conditions attached to each invitation will be decided on a case-by-case basis and may be different for different Eligible Persons.

No Eligible Persons have yet been selected for invitation under the Share Subscription and Financing Plan.

Plan Limit

The overall limit on the number of new Shares which may be issued under the Plan shall not exceed 70,000,000 Shares, representing 2.90% of the issued share capital of the Company as of the date of this announcement. These Shares will be issued under the general mandate to issue shares available at the relevant time and as such part of the general mandate each year may be “reserved” for issue of Shares under the Plan. This will be stated in the Company’s circular in relation to general mandate to issue shares each year.

Time of subscription

After accepting an invitation to subscribe under the Plan, the Eligible Person may subscribe for such number of new Shares in respect of which he or she has accepted an invitation to subscribe after satisfaction of certain conditions such as service period and performance targets. Each invitation may have different conditions imposed thereon.

If the specified conditions are not satisfied, the relevant Eligible Person will not qualify to subscribe for the Shares even though he or she may have accepted the relevant invitation.

Termination

The Board may suspend or terminate the Share Subscription and Financing Plan at any time in accordance with its rules provided that such termination will not affect any subsisting rights of the Eligible Persons to apply for Shares in respect of which invitations have been accepted, subject to the satisfaction of the relevant conditions.

Repayment

Whilst an Eligible Person's Plan Loan remains outstanding, no dividends will be passed over in cash to the relevant Eligible Person in respect of the Shares to which that Plan Loan relates and instead the repayment of Plan Loans may be made from cash representing dividends received from those Shares. If there are no such dividends that will not affect the obligation to repay the relevant Plan Loan. Each Plan Loan must be repaid by the relevant Eligible Person within 3 years after the Plan Loan is made (or such other period as may be determined by the Board either generally or in a case-by-case basis). In any event, a Plan Loan must be repaid in full not more than 21 business days on the earliest of the day:–

- (a) the relevant Eligible Person ceases to be employed or engaged by a Group Company for any reason whatsoever;
- (b) the relevant Eligible Person fails to observe or, comply with his or her obligations under the rules; and
- (c) the aggregate value of the Plan Shares beneficially owned by the relevant Eligible Person calculated based on the market price at any time during the term of the Plan Loan (being the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets) is less than 50% of the Plan Loan then owed by that Eligible Person.

If a Plan Loan is not repaid to the extent required, the Relevant Group Company may sell or otherwise, dispose of the relevant Plan Shares and apply any proceeds towards repayment of the Plan Loan in question. At all times until the Plan Loan has been repaid in full, the certificates or other title documents for the relevant Shares will be in the physical custody of an agent. The Eligible Person will not hold the scrip.

Restrictions

No invitations to subscribe for Shares will be made when any director of the Company is in possession of unpublished price sensitive information in relation to the Company or in the case of invitations to subscribe are proposed to be made to a director of the Company, where dealings by directors of the Company are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Shares acquired by the Eligible Persons under the Share Subscription and Financing Plan cannot be disposed of until the date on which the relevant Plan Loan is repaid in full.

The directors are satisfied that the Share Subscription and Financing Plan is lawful under the laws of Hong Kong and that Plan Loans can be made to Eligible Persons (excluding directors of the Relevant Group Company) under the Plan in compliance with the laws of Hong Kong. It is their intention to comply fully with all relevant laws.

The Board intends that subject to any legal restrictions full disclosure will be made in the Company's annual reports of Plan Loans made under the Share Subscription and Financing Plan.

DEFINITIONS

In this announcement:–

- “Adoption Date” means the date of adoption by the Board of the Share Subscription and Financing Plan;
- “Board” means the board of directors of the Company;
- “Company” means Next Media Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange;
- “Eligible Person” means any employee (whether full time or part time), executive or officer, director (including any executive and non-executive) of a Group Company, who holds salaried employment with the Relevant Group Company, who, in the sole discretion of the Board, has contributed or may contribute to the growth and development of the Group, and “Eligible Person” means an Eligible Person who has been selected to and does participate in the Share Subscription and Financing Plan, but for the purpose of eligibility to apply for a Plan Loan, excludes any director of a Group Company;

“Existing Share Option Scheme”	means the Share option scheme of the Company adopted by resolution of the Shareholders on 30 July 2007;
“Invitation Date”	means the date on which an invitation is made to an Eligible Person;
“Group”	means the Company and its Subsidiaries, and a “Group Company” means a member of the Group;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Plan Loan”	means in respect of an Eligible Person (excluding directors of a Relevant Group Company) who has been invited to apply for, and has been issued new Shares under the Share Subscription and Financing Plan, the sums owed by him by way of subscription price for the relevant Shares, such Plan Loan to be provided by the Relevant Group Company by itself or through its agent;
“Relevant Group Company”	the subsidiary of the Company which employs the employee applying for the Plan Loan;
“Share Subscription and Financing Plan” or “Plan”	means a share subscription and financing plan adopted on the Adoption Date by the Board whereby selected Eligible Persons may be invited to apply for new Shares and offered the opportunity to finance their subscription by way of Plan Loans;
“Shareholders”	means shareholders of the Company;

“Shares” means shares of HK\$1.00 each in the capital of the Company;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited; and

“Subsidiary(ies)” means subsidiary(ies) of the Company from time to time within the meaning of the Listing Rules.

As at the date of this announcement, the Executive Directors of the Company are Mr. Lai Chee Ying, Jimmy, Mr. Ting Ka Yu, Stephen, Mr. Ip Yut Kin and Mr. Tung Chuen Cheuk and the Independent Non-executive Directors of the Company are Mr. Yeh V-Nee, Mr. Fok Kwong Hang, Terry and Dr. Kao Kuen, Charles.

By Order of the Board
Cat Wong
Company Secretary

Hong Kong, 29 October 2007