

A large, clear glass sphere is the central focus, set against a solid blue background. The sphere is highly reflective, showing highlights and shadows that give it a three-dimensional appearance. The text 'TRANSPARENT' and 'STRAIGHT-FORWARD' is overlaid on the sphere in a clean, white, sans-serif font. The overall aesthetic is minimalist and professional.

TRANSPARENT

STRAIGHT-FORWARD

Maintaining our transparency and a high standard in corporate governance has always been one of our top priorities.

The Board is committed to promote and implement sound corporate governance practices throughout every level of our organization.

Corporate Governance

BOARD OF DIRECTORS

As at 30 September 2006, the Board was composed of seven Directors – four Executive Directors and three Independent Non-executive Directors. The Executive Directors were Mr. Lai, who is also the Executive Chairman; Mr. Ting Ka Yu, Stephen; Mr. Ip Yut Kin and Mr. Tung Chuen Cheuk. The Independent Non-executive Directors (“INEDs”) were Mr. Yeh V-Nee; Mr. Fok Kwong Hang, Terry, and Dr. Kao Kuen, Charles. Detailed profiles of the seven Directors are posted on the Company’s website <http://www.nextmedia.com>.

The three INEDs also served on the Audit Committee and Remuneration Committee. They participated in all Board meetings of the Company to bring their independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct.

BOARD ACTIVITIES

The Board held two meetings during the six months ended 30 September 2006. With the exception of Mr. Tung Chuen Cheuk, who was only able to attend one meeting, all the Directors attended both meetings.

AUDIT COMMITTEE

The Audit Committee was comprised entirely of three INEDs of the Company and chaired by Mr. Yeh V-Nee. The role and terms of reference of the Audit Committee can be found in the Company’s website with full details.

During the six months ended 30 September 2006, the Audit Committee held two meetings and all the members attended both meetings. The Audit Committee reviewed with the management the scope of services provided by existing external auditors regarding financial reporting, internal control and risk management systems, and the unaudited condensed consolidated financial statements for the six months ended 30 September 2006. Deloitte Touche Tohmatsu, the Group’s external auditors also reviewed the unaudited condensed consolidated financial statements for the six months ended 30 September 2006 in accordance with the Statement of Auditing Standards 700 “Engagements to review interim financial reports” issued by the Hong Kong Institute of Certified Public Accountants.

REMUNERATION COMMITTEE

The Remuneration Committee comprised five members, of whom three were INEDs and the other two were Executive Directors – Mr. Ting Ka Yu, Stephen, and Mr. Tung Chuen Cheuk. Full details of the Remuneration Committee, including its functions and terms of reference, can be found at <http://www.nextmedia.com>.

During the six months ended 30 September 2006, the Remuneration Committee reviewed and approved the employment contract of Mr. Lai with a subsidiary of the Group for a term of three years commencing on 1 September 2006.

INTERNAL CONTROL

The Board acknowledges its responsibility to maintain sound and effective internal controls to safeguard the Group's assets and shareholders' interests. Monthly management meetings are held to review the Company's financial performance and strategic planning objectives. Stringent internal control policies and procedures are in place to ensure that transactions are carried out with proper approval from the senior management. The Board conducts half-year reviews of its internal control systems, particularly in the areas of financial reporting, operational controls, compliance and risk management, with the involvement of the Audit Committee and assistance of the external auditors. The Board also took steps to engage a professional firm to enhance its corporate governance framework further, in terms of risk management, and to conduct a review of the effectiveness of the Group's internal control system for the year ending 31 March 2007.

INVESTOR RELATIONS

The Company has provided various channels to communicate with its shareholders and investors. It disseminates information in a timely manner through the publication of press releases, formal announcements and corporate documents. The Company's annual general meeting provides a forum for Board members and shareholders to exchange opinions and ideas. The Company's 2006 Annual General Meeting was held on 19 July 2006, during which all resolutions taken were voted on by poll and the result of each poll was subsequently published in local newspapers and posted on the Company's website.

Investors and shareholders can obtain updated information about the Group via the Company's website. They can also communicate directly with the Company by sending correspondence marked "for the attention of the Company Secretary" to the Company's registered office address, or via its designated investor relations e-mail account at: *ir@nextmedia.com*.

CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CODE")

During the six months ended 30 September 2006, the Company fully complied with the applicable provisions of the Code, except for the following deviations:

Code provision A.2.1

Under Code provision A.2.1, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

Mr. Lai assumes the role of Executive Chairman of the Group. The Company does not at present have any officer with the title "Chief Executive Officer". Mr. Lai is responsible for formulating the Group's strategic directions and policies and overseeing its development. Each Executive Director of the Company is delegated with individual responsibilities to monitor the operations of certain business units and to implement strategies and policies. The Board considers this present structure works effectively and does not impair the balance of power and authority.

Code provision E.1.2

Under Code provision E.1.2, the Chairman of the Board shall attend the Company's annual general meeting.

Mr. Lai was unable to attend the 2006 Annual General Meeting held on 19 July 2006 as he had another business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). All Directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standard of the Model Code throughout the period under review.