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MODERN MEDIA HOLDINGS LIMITED

現代傳播控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 72)

ADOPTION OF EMPLOYEE SHARE AWARD PLAN

The Board announces that the Company approved an employee share award plan at a Board meeting held on 3 December 2009. The Plan has become effective on 7 December 2009. The purposes of the Plan are to recognize and reward the contribution of Eligible Employees, to give incentives to Eligible Employees for contributing to the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Any employee (whether full time or part time, including any executive Director but excluding non-executive Directors and employees who, together with their respective associates, holds 5% or more of all issued Shares for the time being and from time to time) of the Group or any Invested Entity are eligible to participate in the Plan. Awards may be granted to Connected Persons but must be approved by a majority of the independent non-executive Directors at the relevant time.

The Plan does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

At a Board meeting of the Company held on 3 December 2009, the Company approved the Plan which has become effective on 7 December 2009. A summary of the principal terms of the Plan is set out in this announcement.

Purposes of the Plan

The purposes of the Plan are to recognise and reward the contribution of Eligible Employees to the growth and development of the Group, to give incentives to Eligible Employees in order to retain them for contributing to the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The rules constituting the Plan was signed on behalf of the Company on 7 December 2009 (on which the Plan has become effective) and the Trust Deed was also entered into between the Company as settlor and Teeroy Limited as Trustee on 7 December 2009. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, each of Teeroy Limited and its ultimate beneficial owner is an Independent Third Party.

Eligibility

Under the rules constituting the Plan, the Eligible Employees are any employee (whether full time or part time, including any executive Director but excluding any non-executive Directors and employees who, together with his associates, holds 5% or more of all issued Shares for the time being and from time to time) of the Company, any subsidiary or any Invested Entity. The awardees for the Shares under the Plan and the number of Shares entitled by each awardee shall be recommended by the Remuneration Committee and subject to the approval by the Board. The eligibility of the awardees under the Plan shall be determined by the Remuneration Committee from time to time by reference to an Eligible Employee's contribution and/or future contribution to the development and growth of the Group, taking into account factors such as ranking, performance, years of service and potential for future development of the Group.

Shares Pool

The Shares Pool shall comprise of the following:

1. such Shares as may be (i) transferred to the Trustee (via SPV) from any person (other than the Group) by way of gift, or (ii) purchased by SPV as authorised by the Trustee on the Stock Exchange by utilising the funds received by the Trustee (via SPV) from any person (other than the Group) by way of gift;
2. such Shares as may be purchased by SPV as authorised by the Trustee on the Stock Exchange or off the market by utilising the funds allocated by the Board out of the Company's resources; and

3. such Shares which remain unvested and revert to the Trustee via SPV due to the lapse of the Award.

SPV as authorised by the Trustee above may purchase the Shares on the Stock Exchange at the prevailing market price, or off the market. In the event that the Trustee (or, as the case may be, SPV) effects any purchases by off-market transactions, such purchases shall not be made with any Connected Person, nor shall the purchase price for such purchases be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.

Award of Shares

The Remuneration Committee (under the delegated authority of the Board) shall, subject to and in accordance with these rules of the Plan, be entitled to make an Award out of the Shares Pool to a Selected Employee such number of Shares as the it shall determine pursuant to the Plan. Where a Selected Employee is a Connected Person, the Award must be approved by a majority of the independent non-executive Directors at the relevant time.

The Remuneration Committee will make Award of Shares only to the extent of unallocated Shares (i.e. Shares not being subject to any Award) available under the Shares Pool. The Remuneration Committee (or, if appointed, the Plan Administrator) shall notify the Trustee in writing upon the making of an Award under the Plan by giving the Trustee an award notice. The Trustee shall then set aside such number of Shares awarded from the Shares Pool and hold the same (together with any dividends declared in respect of such Shares) on trust pending the vesting of the same to the Selected Employee.

After an Award is made, the Plan Administrator shall notify the Selected Employee who may decline to accept such Award by notifying the Company in writing. Unless so declined by the Selected Employee within a prescribed period, the Award shall be deemed irrevocably accepted by the Selected Employee.

Voting rights of the Shares in the Shares Pool

Neither the Trustee nor SPV shall exercise the voting rights in respect of the Shares held under trust, including without limitations the Shares provisionally awarded under the Plan and Shares in the Shares Pool. The Selected Employees shall not have any right to receive any Awarded Shares set aside for them unless and until the Trustee (via SPV) has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Employees.

Equity issue

During the period after an Award has been made and before the Shares are vested on the Selected Employee, if the Company offers to Shareholders new Shares for subscription by way of rights, options or warrants and no amount is required to be payable by the Shareholders, the Trustee (via SPV) may, at its discretion and after consulting the Board, either sell or take steps to exercise such any nil-paid rights, options or warrants allocated to it in respect of the Awarded Shares. The net proceeds of such sale (if so sold) shall be applied to subscription for and/or purchase Shares for the Shares Pool. On the other hand, if the Company offers to the Shareholders new Shares for subscription by way of rights, options, warrants or other open or preferential offer and consideration is required to be paid, the Trustee (via SPV) may, at its discretion and after consulting the Board, either decline to or take steps to take up, purchase and/or subscribe for such rights, options, warrants or open or preferential offer. In case of a general or partial offer is made to all the Shareholders, and such offer becomes or is declared unconditional prior to the vesting of the Awarded Shares in the relevant Selected Employees, the Board shall have the right to determine whether the Trustee shall elect to accept such offer via SPV. If the offer is so elected to be accepted, all proceeds paid or payable to the Trustee (via SPV) by reason of such acceptance shall be held by the Trustee (via SPV) for the benefit of the relevant Selected Employee and be payable to the relevant Selected Employee on the date of vesting of the Awarded Shares.

Vesting of the Awarded Shares

Unless otherwise determined by the Remuneration Committee, 70% of the Shares awarded in each single occasion shall be vested from the 15th Business Days from the date of issue of the notice of Award, while the remaining 30% shall be vested from the first anniversary date of the date of issue of the notice of Award. Where the date of vesting falls on a date when a price sensitive event has occurred, or a price sensitive matter has been the subject of a decision and has not been published in accordance with the Listing Rules, or during the Black-out Period, the date of vesting shall be postponed accordingly to, as the case may be, after no such price sensitive event exists, or after such price sensitive event has been properly announced, or after the expiry of the Black-out Period.

Black-out Period

The Remuneration Committee and the Plan Administrator will keep communication with the Trustee and SPV to ensure that no Shares will be acquired for increasing the Shares in the Shares Pool 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 accordance with the Listing Rules. In particular, during the Black-out Period, no Shares may be acquired for increasing the number of Shares in the Shares Pool.

In addition, the Remuneration Committee shall not make any Award 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 accordance with the Listing Rules. In particular, during the Black-out Period, no Award may be made.

Lapse of Award

An Award (or, as the case may be, the relevant part of an Award) shall, under the following circumstances and subject to the terms of the Plan, automatically lapse forthwith and all the Shares awarded and other distributions attributable thereto shall become Returned Shares:

1. the Selected Employee ceases to be an Eligible Employee;
2. the subsidiary of the Company by which a Selected Employee is employed ceases to be a member of the Group;
3. an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company;
4. a Selected Employee is found to be an Excluded Employee; or
5. a Selected Employee fails to return the duly executed transfer documents to the Trustee for the relevant Shares awarded under the Plan on time.

Size of the Plan

The maximum amount of the contribution from the Group to be allocated to the Trustee for purchasing Shares for the Shares Pool is initially set at HK\$10 million for the financial year ending 31 December 2009 and HK\$15 million for the financial year ending 31 December 2010, and thereafter such maximum amount shall be determined by the Board in each subsequent year after having regard to all relevant circumstances and affairs of the Group. Notwithstanding the above, in any given financial year of the Company, the maximum number of Shares to be purchased by the Trustee shall not exceed 3% of the total number of issued Shares as at the beginning of such financial year.

The total number of Shares which may be awarded by the Remuneration Committee to a particular Selected Employee during any 12-month period shall not exceed one (1) per cent. of the issued share capital of the Company.

Alteration of the Plan

The Plan may be altered by the prior sanction of a Board resolution together with the prior written consent of the Trustee.

Duration of the Plan and termination of the Plan

The Plan shall be valid and effective for a period of ten years commencing from 7 December 2009 by the Company but may be terminated earlier as determined by the Board.

Upon termination of the Plan, if the Trustee (via SPV) holds any Shares which has not been set aside in favour of any Selected Employee or retains any unutilised funds previously received for the purpose of increasing the Shares in the Shares Pool, then the Trustee (via SPV) shall sell such Shares and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company. All the Shares already awarded under an Award together with other distributions attributable such Shares shall become vested on the Selected Employee.

OTHER INFORMATION

The Plan does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Award”	a provisional award made in accordance with the Plan
“Awarded Shares”	the Share(s) provisionally awarded to a Selected Employee pursuant to an Award

“Black-out Period”	the period preceding the publication of financial results in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of publication of the relevant financial results
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Modern Media Holdings Limited (現代傳播控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Employees”	any employee (whether full time or part time, including any executive Director but excluding any non-executive Director and employee who, together with his associates, holds 5% or more of all issued Shares for the time being and from time to time) of the Group or any Invested Entity
“Excluded Employees”	any employee who is resident in a place where the award of the Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Plan is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such employee
“Group”	the Company and its subsidiaries

“Independent Third Party(ies)”	third party(ies) independent of and not connected or acting in concert with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules) and are not connected persons of the Company
“Invested Entity”	any entity in which any member of the Group holds any equity interest
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Plan”	the employee share award plan of the Company, which has become effective on 7 December 2009, as altered from time to time
“Plan Administrator”	such person(s) / company(ies) which has been delegated by the Board with the relevant power and authority to render administrative support to the Board and the Remuneration Committee in connection with the implementation of the Plan, which person(s) / company(ies) shall be accountable to the Board and which, as at the date of this announcement, comprises of an executive Director, a deputy chief financial officer of the Group and an administration manager of the Group as at the date of this announcement
“Reference Date”	the date of final approval by the last of the Remuneration Committee and the Board (or, where the Award is made to a Connected Person, by the majority of the independent non-executive Directors) of the total number of Shares to be awarded to a Selected Employee in a single occasion pursuant to the Plan
“Remuneration Committee”	the remuneration committee of the Company which shall administer the Plan together with the Plan Administrator (where so appointed), comprising (as at the date of this announcement) Mr Au-Yeung Kwong Wah and Mr Jiang Nanchun, who are independent non-executive Directors, and Mr Wong Shing Fat who is an executive Director

“Returned Shares”	such shares awarded under an Award and the relevant distributions in respect thereof which are not vested and/or forfeited in accordance with the terms of the Plan
“Selected Employees”	any Eligible Employee for whom Shares have been provisionally set aside pursuant to an Award
“Shares”	shares of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the Shares
“Shares Pool”	the pool of Shares from which the Award shall be made
“SPV”	a special purpose vehicle for the purpose of the Plan and, subject to the authorisation of the Trustee, may purchase Shares for the Shares Pool and to liaise with brokers and/or other parties to effect the above purchases, which board of directors comprises of an executive Director, an independent non-executive Director and a human resources director of the Group and with Teeroy Limited as its sole shareholder as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	the trust deed dated 7 December 2009 entered into between the Company as settlor and Teeroy Limited as Trustee for governing, among other matters, the duties and powers of the Trustee, as restated, supplemented and amended from time to time
“Trustee”	the trustee under the Trust Deed which as at the date of this announcement is Teeroy Limited, a company incorporated in Hong Kong

By order of the Board
Modern Media Holdings Limited
Shao Zhong
Chairman

Hong Kong, 7 December 2009

As at the date of this announcement, the Board comprises the following members: (a) as executive Directors, Mr Shao Zhong, Mr Wong Shing Fat, Mr Mok Chun Ho, Neil, Mr Li Jian and Mr Cui Jianfeng; (b) as independent non-executive Directors, Mr Jiang Nanchun, Mr Wang Shi and Mr Au-Yeung Kwong Wah.