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NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

**PROPOSAL FOR THE REDUCTION OF
SHARE PREMIUM ACCOUNT**

The Board of Directors of the Company announces that the Company intends to put forward to the Shareholders for approval a proposal to reduce the share premium account of the Company.

The amount standing to the credit of the Company's share premium account as at 30 September 2013 is HK\$928.7 million. It is proposed that the share premium account of the Company be reduced by an amount sufficient to set off against the Company's total Accumulated Losses and the remaining balance arising from the Reduction of Share Premium Account (if any) will be credited to a capital reduction reserve account, subject to such conditions as the Court may impose.

The proposal for the Reduction of Share Premium Account is subject to the conditions contained in the section headed "Conditions of the Reduction of Share Premium Account" below. The Effective Date for the Reduction of Share Premium Account cannot be ascertained at present as it will be subject to court availability. A further announcement will be made informing the Shareholders of the Effective Date.

A circular setting out details of the Reduction of Share Premium Account and a notice convening an extraordinary general meeting to approve the Reduction of Share Premium Account will be despatched to the Shareholders as soon as practicable.

Reduction of Share Premium Account

The Company proposes to reduce its share premium account (which credit stands at HK\$928.7 million as at 30 September 2013) by an amount sufficient to set off against the Company's total Accumulated Losses, subject to such conditions as the Court may impose. The Company's accumulated losses stood at HK\$568.3 million as at 31 March 2013 as shown in the audited financial statements of the Company for the year ended 31 March 2013. The Company's unaudited accumulated losses stood at HK\$925.0 million as at 30 September 2013.

Reasons for the Reduction of Share Premium Account

The Company carried out a capital reduction in February 2003 and the credit which arose out of such capital reduction was applied to reduce the Company's accumulated losses at that time. Since then, the Company has incurred further losses and the Company had total accumulated losses of HK\$925.0 million as at 30 September 2013, such accumulated losses are mainly attributable to (i) the operating losses incurred for the Group's TV operations in Taiwan; and (ii) written off and impairment made for certain assets and equipment of the Group's TV operations in Taiwan. The Group is now profitable but the Company will remain unable to pay dividends while such accumulated losses exist. Accordingly, the Directors are proposing the Reduction of Share Premium Account with the resulting credit arising from such reduction be applied to set off against the Company's total Accumulated Losses and the remaining balance arising from the Reduction of Share Premium Account (if any) will be credited to a capital reduction reserve account, subject to such conditions as the Court may impose.

The proposal to set off the Company's Accumulated Losses with the credit arising out of the Reduction of Share Premium Account would put the Company in a position to legally pay dividends.

The Directors consider the Reduction of Share Premium Account to be in the best interests of the Company and the Company's Shareholders as a whole.

Effect of the Reduction of Share Premium Account

Save for the expenses incurred by the Company in relation to the Reduction of Share Premium Account, the implementation of the Reduction of Share Premium Account will not, in itself, alter the underlying assets, business operations, management of the Company or the proportionate interests of the Shareholders in respect of the Ordinary Shares held by the Shareholders immediately prior to the Reduction of Share Premium Account becoming effective. The Directors believe that the Reduction of Share Premium Account will not have any material adverse effect on the financial position of the Group.

Set out below, for illustrative purpose only, is a simplified pro forma statement showing the proposed movement of the Shareholders' funds of the Company before and after the Reduction of Share Premium Account takes effect, based on the Company's position as at 30 September 2013.

	Immediately Before Reduction of Share Premium Account as at 30 September 2013	Immediately After Reduction of Share Premium Account taking effect
	<i>HK\$M</i>	<i>HK\$M</i>
Share Capital issued and fully paid	2,431.0	2,431.0
Share Premium Account	928.7	3.7
Share-based Payment Reserve	8.4	8.4
Accumulated Losses	(925.0)	-
	—————	—————
Total Equity	2,443.1	2,443.1
	=====	=====

Notes:

- 1 This table assumes that the amount of the Accumulated Losses (i.e. as at the Effective Date) will be the same as the accumulated losses of the Company as at 30 September 2013.
- 2 This does not take into account expenses that will be incurred by the Company in relation to the Reduction of Share Premium Account.

The Reduction of Share Premium Account does not involve either the diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company.

Pursuant to the terms of the Scheme, the implementation of the Reduction of Share Premium Account will not result in any adjustment to the exercise price or the number of the Ordinary Shares to be subscribed for in relation to the outstanding options granted under the Scheme.

Conditions of the Reduction of Share Premium Account

The Reduction of Share Premium Account is subject to the satisfaction of, *inter alia*, the following conditions:

- (i) the passing by the Shareholders of a special resolution to approve the Reduction of Share Premium Account and related matters at an extraordinary general meeting of the Company; and
- (ii) the confirmation of the Reduction of Share Premium Account by the Court and the registration by the Companies Registry in Hong Kong of a copy of the Court order confirming the Reduction of Share Premium Account and the minute containing the particulars required under Section 61 of the Companies Ordinance.

Assuming that the above conditions are fulfilled, it is expected that the Reduction of Share Premium Account will become effective immediately following the registration of the Court order and the minute required under Section 61 of the Companies Ordinance. However, the Effective Date cannot be ascertained at present as it depends on the availability of the date of the hearing of the petition for the confirmation of the Reduction of Share Premium Account by the Court. A further announcement will be made informing the Shareholders of the Effective Date.

As the Reduction of Share Premium Account is subject to satisfaction of conditions, it may or may not become effective. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

Circular

A circular setting out details of the Reduction of Share Premium Account and a notice convening an extraordinary general meeting to approve the Reduction of Share Premium Account will be despatched to the Shareholders as soon as practicable.

Definitions

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

“Accumulated Losses”	accumulated losses of the Company as at the Effective Date;
“Board”	the board of Directors of the Company;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as currently in force;
“Company”	Next Media Limited, a company incorporated in Hong Kong with limited liability, the Ordinary Shares of which are listed on the Stock Exchange;
“Court”	The High Court of Hong Kong, Court of First Instance;
“Directors”	the directors of the Company;
“Effective Date”	the date upon which the Reduction of Share Premium Account becomes unconditional and effective;
“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;

“Ordinary Share(s)”	ordinary share(s) of HK\$1.00 each in the share 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;
“Reduction of Share Premium Account”	the proposed reduction of the Company’s share premium account described in this announcement under the heading “Reduction of Share Premium Account”;
“Scheme”	the share option scheme of the Company adopted on 30 July 2007;
“Shareholders”	holder(s) of Ordinary Share(s); and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board
Cheung Ka Sing, Cassian
*Executive Director and
Chief Executive Officer*

Hong Kong, 26 November 2013

As at the date of this announcement, the Board comprises:-

Executive Directors:

Mr. Lai Chee Ying, Jimmy (Chairman)
Mr. Cheung Ka Sing, Cassian
Mr. Ting Ka Yu, Stephen
Mr. Ip Yut Kin

Independent Non-executive Directors:

Mr. Fok Kwong Hang, Terry
Mr. Wong Chi Hong, Frank
Dr. Lee Ka Yam, Danny