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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.

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NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE PROPOSED SALE OF REMAINING
INTEREST IN ANIMATION BUSINESS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser

VEDA | CAPITAL
智 略 資 本

A notice convening the EGM 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 Wednesday, 13 November 2013 at 3:00 p.m. is set out on pages 29 to 30 of this circular.

Whether or not you are able to attend the EGM, 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 1st Floor, 8 Chun Ying Street, Tseung Kwan O Industrial Estate, 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

25 October 2013

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DEFINITIONS

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

“2011 Disposal”	the Group’s disposal of 70% interest in Colored World to STV, being the subject of the Company’s announcements dated 10 and 13 June 2011 and circular dated 15 July 2011;
“Advertising Services”	the advertising related services which may from time to time be provided by the Group to the NMAL Group pursuant to the Business Framework Agreement;
“Animation Services”	the animation production related services which may from time to time be provided by the NMAL Group to the Group pursuant to the Business Framework Agreement;
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time;
“associate(s)”	the meaning ascribed thereto under the Listing Rules;
“AtNext”	AtNext Limited, a private company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company;
“Board”	the board of directors of the Company;
“Business Framework Agreement”	the business framework agreement entered into between the Company and NMAL dated 31 October 2011 (as supplemented by a side letter dated 31 December 2012) in respect of the provision of Animation Services, Advertising Services and Supporting Services;
“Chairman”	the chairman of the Board;
“Colored World”	Colored World Holdings Limited, a private company incorporated in the British Virgin Islands with limited liability and an associated company of the Group;
“Colored World Group”	Colored World and its subsidiaries;
“Company”	Next Media Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange;
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loans pursuant to the S&P Agreement;
“Consideration”	US\$20.0 million (equivalent to HK\$155.1 million);

DEFINITIONS

“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held at 3:00 p.m. on Wednesday, 13 November 2013 at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong;
“EGM Notice”	the notice convening the EGM, which is set out on pages 29 to 30 of this circular;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	the independent board committee which has been formed by the independent non-executive Directors to advise the Independent Shareholders on the Proposed Sale;
“Independent Shareholders”	Shareholders other than Mr. Lai and his associates;
“Latest Practicable Date”	22 October 2013, the latest practicable date for ascertaining certain information for inclusion in this circular;
“Lease Agreement”	the lease agreement dated 31 July 2013 entered into between NMBL as landlord and the Taiwan Branch of NMAL as tenant, in respect of the properties located at 3/F., 4/F., 5/F., 6/F., 8/F. and 9/F., No. 39, Lane 141, Xingai Road, Neihu District, Taipei City, Taiwan;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	30 November 2013, or such other date as AtNext, STV and Mr. Lai may agree in writing;
“Mr. Lai”	Mr. Lai Chee Ying, Jimmy, an executive Director, the Chairman and the controlling Shareholder of the Company holding 1,786,533,165 Shares as at the Latest Practicable Date, representing 73.49% of the total issued Shares;
“NMAL”	Next Media Animation Limited, a private company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of Colored World;

DEFINITIONS

“NMBL”	壹傳媒傳訊播放股份有限公司 (Next Media Broadcasting Limited*), a private company incorporated in Taiwan with limited liability and is an indirect wholly owned subsidiary of the Company;
“NMAL Group”	NMAL and its subsidiaries;
“PRC”	the People’s Republic of China;
“Proposed Sale”	the proposed sale of the Sale Shares and the Sale Loans pursuant to the S&P Agreement;
“S&P Agreement”	the sale and purchase agreement dated 27 September 2013 entered into between AtNext as the vendor, STV as the purchaser and Mr. Lai as the guarantor for the obligations of STV in respect of the Proposed Sale;
“Sale Loans”	all outstanding liabilities owed by Colored World to AtNext as at Completion, which as at the Latest Practicable Date is not more than HK\$34.6 million in principal;
“Sale Shares”	30 shares of US\$1.0 each in the capital of Colored World, representing 30% of the entire issued share capital of Colored World;
“Share(s)”	ordinary share(s) of HK\$1.0 each in the capital of the Company, or of such other nominal amount as shall result from a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company from time to time;
“SFO”	Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong);
“Shareholder(s)”	holder(s) of the Share(s);
“Shareholders’ Agreement”	shareholders’ agreement dated 31 October 2011 entered into between AtNext, STV, Colored World and Mr. Lai;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“STV”	Sum Tat Ventures Limited, a private company incorporated in the British Virgin Islands with limited liability and 100% beneficially owned by Mr. Lai, who is an executive Director, the Chairman and the controlling Shareholder of the Company;

DEFINITIONS

“Supporting Services”	the accounting, company secretarial, legal, human resources and general administrative services which may from time to time be provided by the Group to the NMAL Group pursuant to the Business Framework Agreement;
“Taiwan”	Republic of China;
“US”	United States of America;
“US\$”	United States Dollars, the lawful currency of the US;
“Veda Capital”	Veda Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Proposed Sale; and
“%”	Per cent.

* *English name of the entity is translated for identification purpose only.*

Note: In this circular, the exchange rate of HK\$7.7535 to US\$1.00 is used for reference only.

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

Executive Directors:

Lai Chee Ying, Jimmy (*Chairman*)
Cheung Ka Sing, Cassian (*Chief Executive Officer*)
Ting Ka Yu, Stephen (*Chief Operating Officer*
and Chief Financial Officer)
Ip Yut Kin

Registered office:

1st Floor
8 Chun Ying Street
Tseung Kwan O Industrial Estate
Tseung Kwan O
New Territories
Hong Kong

Independent Non-Executive Directors:

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

25 October 2013

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED SALE OF REMAINING INTEREST IN ANIMATION BUSINESS

INTRODUCTION

We refer to the announcement of the Company dated 27 September 2013. The Group has previously disposed of 70% interest in its animation business to STV, a company 100% beneficially owned by Mr. Lai, being the subject of the Company's announcements dated 10 and 13 June 2011 and circular dated 15 July 2011. On 27 September 2013, AtNext, an indirect wholly owned subsidiary of the Company, entered into the S&P Agreement with STV and Mr. Lai (as the guarantor for the obligations of STV), pursuant to which, AtNext has conditionally agreed to sell and STV has conditionally agreed to purchase the Sale Shares, representing the remaining 30% interest in Colored World, and the Sale Loans at a cash Consideration of US\$20.0 million (equivalent to HK\$155.1 million). Immediately following Completion, AtNext will cease to hold any shares in Colored World and thus, members of the Colored World Group will cease to be associated companies of the Group. The principal business activities of the Colored World Group are animation production and provision of animation products and related services.

LETTER FROM THE BOARD

The purpose of this circular is to (a) provide you with details of the Proposed Sale; (b) set out the advice of Veda Capital to the Independent Board Committee and the Independent Shareholders relating to the Proposed Sale; (c) set out the recommendation of the Independent Board Committee to Independent Shareholders relating to the Proposed Sale; and (d) give you notice of the EGM.

A summary of the principal terms of the S&P Agreement is set out below.

S&P AGREEMENT

Date	27 September 2013
Parties	(1) AtNext (as vendor) (2) STV (as purchaser) (3) Mr. Lai (as guarantor for the obligations of STV)
Asset to be disposed of	(i) The Sale Shares, being 30 shares of US\$1.0 each in the capital of Colored World, representing 30% of the entire issued share capital of Colored World; and (ii) the Sale Loans. As at the Latest Practicable Date, the principal amount of the Sale Loans owed by Colored World to AtNext is HK\$34.6 million.
Consideration	<p>The Consideration is US\$20.0 million (equivalent to HK\$155.1 million). The Consideration shall be allocated on the basis that the Sale Loans are sold and purchased at face value at Completion, and the balance of the Consideration shall be attributable to the sale and purchase of the Sale Shares.</p> <p>The Consideration was determined on an arm's length basis with reference to a valuation of the 30% interest in the Colored World Group in the amount of US\$10.7 million (equivalent to HK\$83.0 million) as at 31 July 2013 conducted by an independent valuer using market approach and the amount of the Sale Loans.</p> <p>The Consideration will be settled in cash at Completion.</p>

LETTER FROM THE BOARD

In relation to the 2011 Disposal, a 100% interest of the Colored World Group was valued at US\$78.0 million (equivalent to HK\$605.3 million (based on the exchange rate of US\$1.00 to HK\$7.76)) as at 30 April 2011 (as disclosed in the Company's circular dated 15 July 2011). Based on this valuation, the 30% interest in the Colored World Group as at 30 April 2011 would be US\$23.4 million (equivalent to HK\$181.6 million (based on the exchange rate of US\$1.00 to HK\$7.76)). As at 31 July 2013, the independent valuer arrived at the valuation of the 30% interest in the Colored World Group in the amount of US\$10.7 million (equivalent to HK\$83.0 million). Although there has been no change in valuation methodology and assumptions adopted in the valuation as compared to the valuation conducted in 2011, the valuation of the Colored World Group has decreased and such decrease is primarily attributable to the following main factors:

- (1) a control premium was applied in the valuation conducted in respect of the 2011 Disposal to reflect the majority interest in Colored World then; and
- (2) the impact of the bleak economic outlook on the computer animation industry since 2011 which has affected the performance of the Colored World Group.

When conducting the valuation for the Proposed Sale, the valuer had to expand the selection criteria for comparable companies to increase the number of comparable companies as it can only identify one comparable company which is engaged in sole animation production and has available financial information for the valuer to perform its valuation for the Proposed Sale. Having considered the sample size of the comparable companies, in addition to the company which is engaged only in animation production, the valuer had included in its valuation comparable companies which are engaged not only in animation production but also application of animation. The Board has considered such change in selection criteria and number of comparables in the current valuation and is agreeable to the approach taken by the valuer as it believes that such approach and selection criteria are appropriate under the current circumstances. Although most of the comparable companies are not engaged in sole animation production, they are engaged in animation related business. The Board therefore considers that the valuation for the Proposed Sale is fair and reasonable.

LETTER FROM THE BOARD

- Conditions precedent Completion of the S&P Agreement is conditional upon:
- (1) the passing by the Independent Shareholders who are permitted to vote under the Listing Rules of a resolution to approve the S&P Agreement and the transactions contemplated thereby at a general meeting of the Company in accordance with the Listing Rules; and
 - (2) the representations, warranties and undertakings made by AtNext under the S&P Agreement remaining true and accurate as at the date of Completion.

If the abovementioned conditions precedent are not fulfilled or waived (except for the Independent Shareholders' approval requirement which cannot be waived) by STV by the Long Stop Date, the S&P Agreement shall terminate and no party to the S&P Agreement shall have any claim against the other parties save for any antecedent breaches of the S&P Agreement.

- Completion Completion will take place on the third business day (or such other date as the parties to the S&P Agreement may agree) after satisfaction or waiver by STV of the abovementioned conditions precedent.
- Guarantee Mr. Lai shall guarantee the due and punctual performance of the obligations of STV under the S&P Agreement.

Immediately following Completion, AtNext will cease to hold any shares in Colored World and thus, members of the Colored World Group will cease to be associated companies of the Group. Pursuant to the Shareholders' Agreement entered into amongst AtNext, STV, Colored World and Mr. Lai on 31 October 2011, the Shareholders' Agreement shall be terminated immediately after Completion.

INFORMATION ON THE COLORED WORLD GROUP

Colored World is a company incorporated in the British Virgin Islands with limited liability and it is an investment holding company. Its subsidiaries are principally engaged in animation production and the provision of the animation products and related services.

The audited net book value of Colored World Group as at 31 March 2013 was net liabilities of HK\$86.3 million.

LETTER FROM THE BOARD

Set out below is certain financial information of the Colored World Group based on its audited consolidated financial statements for the years ended 31 March 2012 and 31 March 2013:

	For the year ended 31 March 2012 Audited <i>HK\$' million</i>	For the year ended 31 March 2013 Audited <i>HK\$' million</i>
Loss before taxation and extraordinary items	(85.6)	(100.3)
Extraordinary item (waiver of an amount due to the Group under the 2011 Disposal)	242.1	—
Taxation	(9.1)	—
Profit (or loss) after taxation and extraordinary items	147.4	(100.3)

USE OF PROCEEDS AND FINANCIAL EFFECT OF THE PROPOSED SALE

The Group intends to use the proceeds of the Proposed Sale for general working capital purposes. The Group is expected to record an unaudited gain of HK\$118.4 million, which was calculated with reference to the Consideration and the cost of investment of the Sale Shares of HK\$114.7 million which was fully impaired in the accounts of the Group as at 31 March 2013, the Sale Loans and the interests due and accruing under the Sale Loans in the sum of HK\$2.05 million. Such gain, subject to Completion taking place, will be recognised in the consolidated financial statements of the Group for the year ending 31 March 2014.

REASONS FOR, AND BENEFITS OF, THE PROPOSED SALE

AtNext is an investment holding company and an indirect wholly owned subsidiary of the Company. The Group is mainly engaged in the publication and printing of newspapers, magazines and books in Hong Kong and Taiwan. It also sells advertising space in these and on its Web portals and subscriptions to the Web portals. Furthermore, it provides printing, reprographic and animation services, and delivers Internet contents. The principal business activity of STV is investment holding.

The Colored World Group is principally engaged in animation production and the provision of the animation products and related services. The animation production business is capital intensive. The Group has made substantial investment in manpower and technology for its animation operations. As a result of these investments, the internet businesses division of the Group recorded a segment loss which has grown from HK\$37.0 million (restated) for the year ended 31 March 2012 to HK\$124.5 million for the year ended 31 March 2013.

LETTER FROM THE BOARD

In the 2011 Disposal, the Company disposed of 70% interest in the Colored World Group and retained a 30% minority interest as the Directors were of the view that synergies could be created with STV in the development of the animation production business. The Directors had intended to capture any potential upside in its interest in the animation business by retaining a 30% stake in the Colored World Group. Having said that, the Directors, acting in a prudent way, have regularly reviewed the suitability of such investment under the Group and consider that it is in the best interest of the Company to reallocate its resources to other investments or business activities. With the Proposed Sale, the Company will be relieved of any obligation to inject further capital into the Colored World Group in the future. The proceeds of the Proposed Sale will also improve the cash position of the Group.

The Directors (including the independent non-executive Directors but excluding Mr. Lai who had abstained from voting on the Board resolution which approved the terms of the Proposed Sale and the transactions contemplated thereunder by reason of his material interest in the Proposed Sale) are of the view that the S&P Agreement is entered into on normal commercial terms (or better to the Company), and that the terms of the S&P Agreement are fair and reasonable and the S&P Agreement is in the interests of the Company and the Shareholders as a whole.

EXISTING CONTINUING CONNECTED TRANSACTIONS

There are currently continuing connected transactions between the Colored World Group and the Group as previously announced and contemplated under the following agreements:

- (1) the Business Framework Agreement between the Company and NMAL; and
- (2) the Lease Agreement between NMBL and the Taiwan Branch of NMAL.

The Company expects that no change to the material terms and conditions of the above agreements will be required as a result of the Proposed Sale and the transactions will be carried out on a continuous basis. The Company will make further announcement(s) if there are any material changes to the above agreements.

EXTRAORDINARY GENERAL MEETING

The EGM Notice is set out on pages 29 to 30 of this circular. Ordinary resolution in respect of the Proposed Sale and the transactions contemplated thereunder will be proposed at the EGM. As at the Latest Practicable Date, Mr. Lai and his associates together control or are entitled to exercise control over 1,786,533,165 Shares, representing 73.49% of the issued share capital of the Company. As Mr. Lai has a material interest in the Proposed Sale, he and his associates will abstain from voting on the resolution to approve the Proposed Sale and the transactions contemplated thereunder at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the registered office of the Company at 1st Floor, 8 Chun Ying Street, Tseung Kwan O Industrial Estate, Tseung

LETTER FROM THE BOARD

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 EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

VOTING BY POLL

Pursuant to rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Chairman of the EGM will therefore demand voting on the resolution set out in the EGM Notice be taken by way of poll pursuant to article 61 of the Articles of Association.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for each Share registered in his name in the register. A Shareholder entitled to more than one vote is under no obligation to cast all his votes in the same way.

RECOMMENDATION

The Directors (including the independent non-executive Directors but excluding Mr. Lai who had abstained from voting on the Board resolution which approved the terms of the Proposed Sale and the transactions contemplated thereunder by reason of his material interest in the Proposed Sale) consider that the terms of the Proposed Sale and the transactions contemplated thereunder are fair and reasonable and the Proposed Sale is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the following sections of this circular:

- (a) the letter from the Independent Board Committee set out on page 12;
- (b) the letter from Veda Capital set out on page 13 to 23;
- (c) general information set out in the appendix; and
- (d) the EGM Notice.

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

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

25 October 2013

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE PROPOSED SALE OF REMAINING
INTEREST IN ANIMATION BUSINESS**

We refer to the circular of Next Media Limited (the “Company”) dated 25 October 2013 (the “Circular”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

We have been authorized by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Proposed Sale and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Veda Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Proposed Sale and the transactions contemplated thereunder. We wish to draw your attention to the letter from Veda Capital as set out on pages 13 to 23 of the Circular and the letter from the Board as set out on pages 5 to 11 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of Veda Capital stated in its letter of advice, we consider that the terms of the Proposed Sale and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the proposed ordinary resolution in relation to the Proposed Sale at the EGM.

Yours faithfully
For and on behalf of
the Independent Board Committee of
Next Media Limited
Lee Ka Yam, Danny
Fok Kwong Hang, Terry
Wong Chi Hong, Frank
Independent Non-executive Directors

LETTER FROM VEDA CAPITAL

The following is the full text of a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Sale prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3711, 37/F
Tower Two, Times Square
1 Matheson Street
Causeway Bay, Hong Kong

25 October 2013

*To the Independent Board Committee and the Independent Shareholders of
Next Media Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED SALE OF REMAINING INTEREST IN ANIMATION BUSINESS

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and the reasonableness of the terms of Proposed Sale, details of which are set out in the circular to the Shareholders dated 25 October 2013 (the “Circular”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

The Group has previously disposed of 70% interest in its animation business to STV, a company 100% beneficially owned by Mr. Lai (the “Previous Disposal”), being the subject of the Company’s announcements dated 10 and 13 June 2011 and circular dated 15 July 2011. On 27 September 2013, AtNext, an indirect wholly owned subsidiary of the Company, entered into the S&P Agreement with STV and Mr. Lai (as the guarantor for the obligations of STV), pursuant to which, AtNext has conditionally agreed to sell and STV has conditionally agreed to purchase the Sale Shares, which represents the remaining 30% equity interest in Colored World, and the Sale Loans at a cash Consideration of US\$20.0 million (equivalent to HK\$155.1 million). Immediately following Completion, AtNext will cease to hold any shares in Colored World and thus, members of the Colored World Group will cease to be associated companies of the Group.

As STV is 100% beneficially owned by Mr. Lai, an executive Director, the Chairman and the controlling Shareholder of the Company and his associates together control or are entitled to exercise control over 1,786,533,165 Shares as at the Latest Practicable Date, representing 73.49% of the total issued Shares, STV is an associate of Mr. Lai and therefore

LETTER FROM VEDA CAPITAL

a connected person of the Company. Accordingly, the Proposed Sale constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements. As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Proposed Sale is greater than 5% but less than 25%, the Proposed Sale also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As Mr. Lai has a material interest in the Proposed Sale, he and his associates will abstain from voting on the resolution to approve the Proposed Sale and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on whether the terms of the Proposed Sale are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Director(s) and the management. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Director(s) and the management, for which they are solely and wholly responsible, were true at the time when they were made and will continue to be true as at the date of the EGM. We have also assumed that all statements of belief, opinion and intention made by the Director(s) in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Director(s) and management of the Company.

LETTER FROM VEDA CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the Proposed Sale, we have taken into consideration the following factors and reasons:

Information on the Colored World Group

Colored World is a company incorporated in the British Virgin Islands with limited liability and it is an investment holding company. Its subsidiaries are principally engaged in animation production and the provision of the animation products and related services.

Immediately before Completion, Colored World is owned by AtNext as to 30% and immediately after Completion, AtNext will cease to hold any shares in Colored World and thus, members of the Colored World Group will cease to be associated companies of the Group.

Set out below is the financial information of the Colored World Group based on its audited consolidated financial statements for the years ended 31 March 2011, 31 March 2012 and 31 March 2013:

	For the years ended		
	31 March 2011	31 March 2012	31 March 2013
	(Audited)	(Audited)	(Audited)
	HK\$' million	HK\$' million	HK\$' million
Revenue	70.8	59.4	53.0
Profit/(Loss) before tax	(29.3)	156.5	(100.3)
Profit/(Loss) after tax	(29.3)	147.4	(100.3)

The audited net book value of the Colored World Group as at 31 March 2013 was net liabilities of HK\$86.3 million.

As can be seen from the above table, the Colored World Group recorded loss after tax of HK\$29.3 million for the year ended 31 March 2011, profit after tax of HK\$147.4 million for the year ended 31 March 2012 and loss after tax of HK\$100.3 million for the year ended 31 March 2013. As advised by the Company, the profit recorded in the financial year 2012 was mainly due to an one-off other income which was the waiver of amount due to the Group under the sale and purchase agreement dated 10 June 2011 (as amended by a side letter dated 4 July 2011) entered into between AtNext, STV and Mr. Lai regarding the Previous Disposal in the amount of HK\$242.1 million (the "One-off Other Income"). As advised by the Company, after excluding the One-off Other Income of HK\$242.1 million, the Colored World Group should have recorded a loss after tax in the amount of HK\$94.7 million. As further advised by the Company, the Colored World Group was still in a development stage and required intensive capital investments, as such, it recorded a loss in the financial year 2013.

LETTER FROM VEDA CAPITAL

Financial information of the Group

For the year ended 31 March 2013

As set out in the annual report 2013 of the Company (the “AR 2013”) for the year ended 31 March 2013, the Group recorded revenue from its continuing operations of approximately HK\$3,474.1 million, representing a reduction of approximately 3.6% from that for the year ended 31 March 2012 of a restated figure of approximately HK\$3,602.6 million. As set out in the AR 2013, the major factor responsible for the decline in revenue was the drop in the circulation income of the Group’s newspapers and magazines businesses from the previous year as such businesses were adversely affected by free newspapers and online media. The Group reported a loss attributable to the Shareholders of approximately HK\$969.8 million for the year ended 31 March 2013, representing an increase in loss of approximately 414.2% from that for the year ended 31 March 2012 of a restated figure of loss of approximately HK\$188.6 million. As advised by the Company, the increase in loss was mainly due to the loss of HK\$719.1 million resulting from the Group’s discontinued operations on television and multi-media businesses.

For the year ended 31 March 2012

As set out in the annual report 2012 of the Company (the “AR 2012”) for the year ended 31 March 2012, the Group recorded revenue from its continuing operations of approximately HK\$3,634.6 million, representing an increase of approximately 4.5% from that for the year ended 31 March 2011 of a restated figure of approximately HK\$3,477.0 million. As set out in the AR 2012, the increase in the revenue was mainly attributable to the rise in the advertising income of the Group’s publications. The Group reported a loss attributable to the Shareholders of approximately HK\$188.6 million and a restated figure of loss of approximately HK\$19.7 million for the years ended 31 March 2012 and 31 March 2011 respectively, representing an increase in loss of approximately 857.4%. As advised by the Company, the increase in loss was mainly due to a loss of HK\$1,173.1 million relating to the Group’s television and multi-media operations, which was net-off by a profit of HK\$784.4 million resulting from the Previous Disposal during the year ended 31 March 2012.

Background information and reasons for the Proposed Sale

AtNext is an investment holding company and an indirect wholly owned subsidiary of the Company. The Group is mainly engaged in the publication and printing of newspapers, magazines and books in Hong Kong and Taiwan. It also sells advertising space in these and on its Web portals and subscriptions to the Web portals. Furthermore, it provides printing, reprographic and animation services, and delivers Internet contents. The principal business activity of STV is investment holding.

The Colored World Group is principally engaged in animation production and the provision of the animation products and related services. The animation production business is capital intensive. The Group has made substantial investments in manpower and technology for its animation operations. As a result of these investments, the internet businesses division of the Group recorded a segment loss which has grown from HK\$37.0

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million (restated) for the year ended 31 March 2012 to HK\$124.5 million for the year ended 31 March 2013. With the Proposed Sale, the Company will be relieved of any obligation to inject further capital into the Colored World Group in the future and the proceeds of the Proposed Sale will also improve the cash position of the Group.

The Directors (including the independent non-executive Directors but excluding Mr. Lai who had abstained from voting on the Board resolution which approved the terms of the Proposed Sale and the transactions contemplated thereunder by reason of his material interest in the Proposed Sale) are of the view that the S&P Agreement is entered into on normal commercial terms (or better to the Company), and that the terms of the S&P Agreement are fair and reasonable and the S&P Agreement is in the interests of the Company and the Shareholders as a whole.

On 10 June 2011, the Group entered into a sale and purchase agreement with STV, which is 100% beneficially owned by Mr. Lai, in relation to the Previous Disposal. As noted from the AR 2013, after the completion of Previous Disposal which was taken place on 31 October 2011, the Group holds 30% equity interest in the Colored World Group and lost control over the financial and operating policies of the Colored World Group and has accounted for the investment as an associate since 31 October 2011. Also, upon completion of the Previous Disposal, the animation production business that was previously included in the internet businesses segment was re-classified as discontinued operations of the Group.

We also note from the AR 2013 that at the material time of disposal of the Colored World Group in October 2011, the Colored World Group planned to enter into Japan and the USA markets with its own innovated characters. Given the cost advantages, synergies coupled with a high demand in the Japan and the USA markets, it was expected that there would be a potential growth in revenue. However, due to tremendous changes in animation business environment regarding advanced technology and requirements from customers, the Colored World Group suspended its expansion plans in Japan and USA markets near the end of financial year 2012. The Directors reviewed the recoverability of the carrying amount of the Group's interests in the associate and noted that there was no objective evidence of implementation of the expansion plans as expected. In view of the uncertainty when the Colored World Group can enter into the Japan and USA markets, the Directors considered that the carrying amount of interests in associate should be fully impaired. For the year ended 31 March 2012, an impairment loss of approximately HK\$105.5 million was recognized after sharing the loss of the associate of approximately HK\$9.2 million for the year and thus, the entire amount of the interests in associate was fully impaired to nil as at 31 March 2012 and 31 March 2013 respectively. We are given to understand from the Company that as majority equity interest in Colored World has already been owned by STV, a company 100% beneficially owned by Mr. Lai, it is difficult for the Company to identify another purchaser for acquiring the minority equity interest in Colored World.

As set out in the Letter from the Board (the "Board Letter"), the proceeds of the Proposed Sale would be used for general working capital purposes. The Group is expected to record an unaudited gain of HK\$118.4 million, which was calculated with reference to

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the Consideration and the cost of investment of the Sale Shares of HK\$114.7 million which was fully impaired in the accounts of the Group as at 31 March 2013, the Sale Loans and the interests due and accruing under the Sale Loans in the sum of HK\$2.05 million.

We noted from the AR 2013 and as advised by the Company, the principal amount of the Sale Loans of approximately HK\$46.4 million was unsecured at an interest rate at Hong Kong Interbank Offered Rate plus 2.584% per annum and repayable on demand but in any event no later than 31 October 2013. The amount was classified as a non-current asset as at 31 March 2013 in the opinion of the Directors as they expected that such amount would not be recovered within 1 year from the end of the relevant reporting period. As at the Latest Practicable Date, the principal amount of the Sale Loans is HK\$34.6 million.

Having considered (i) the loss-making track record of Colored World Group for the three years ended 31 March 2013; (ii) the uncertainty in the future prospects of the Colored World Group; (iii) the Proposed Sale will enable the Company to recover the Sale Loans and will also bring cash inflow to the Group; and (iv) it is difficult for the Company to identify another purchaser for acquiring the minority equity interest in Colored World, we concur with the Directors that the Proposed Sale is commercially justifiable and in the interests of the Company and the Independent Shareholders as a whole.

Consideration for the Proposed Sale

The Consideration is US\$20.0 million (equivalent to HK\$155.1 million). As set out in the Board Letter, the Consideration shall be allocated on the basis that the Sale Loans are sold and purchased at face value at Completion, and the balance of the Consideration shall be attributable to the sale and purchase of the Sale Shares.

As further noted from the Board Letter, the Consideration was determined on an arm's length basis with reference to a valuation of the 30% interest in the Colored World Group in the amount of US\$10.7 million (equivalent to HK\$83.0 million) as at 31 July 2013 (the "Valuation") conducted by an independent valuer using market approach and the amount of the Sale Loans.

We have reviewed the valuation report in respect of the Valuation (the "Valuation Report") and observed that the Valuation has been carried out on the basis of fair value which is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. We also noted from the Valuation Report that the assumptions adopted in the Valuation include the followings: (i) all licenses issued by any authorized entity that will materially affect the operation of Colored World Group have been obtained or can be obtained upon request; (ii) there will be no material change in the political, legal, fiscal, technological, market and economic conditions in the jurisdiction where Colored World Group operates; (iii) the market return, market risk, interest rates and exchange rates will not differ materially from those of present or expected; (iv) the core operation of Colored World Group will not differ materially from those of present or expected; (v) the information in respect of Colored World Group have been prepared after due and careful consideration by the senior management of the Company; and (vi) there will be no human disruptions or natural disasters that will materially affect the operation of Colored World Group.

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As set out in the Valuation Report, the independent valuer has adopted the market approach in arriving the fair value of the 30% equity interest in the Colored World Group and such valuation approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the assets. We are given to understand from the independent valuer that the selection of a valuation approach is based on, among others, the quantity and quality of the information provided, access to available data, availability of relevant market transactions, type and nature of the subject asset, purpose and objective of the valuation and professional judgment and technical expertise. The market approach was considered to be the most appropriate valuation approach in the Valuation as it requires far fewer subjective assumptions than the income approach and compared to the cost approach it is more likely to reflect the current mood of the market and capture the future growth potentials of the Colored World Group.

As noted from the Valuation Report, eleven (11) companies which are publicly listed companies (the “Comparables”) were considered to be comparable to the Colored World Group.

In the course of the Valuation, the independent valuer adopted the enterprise value to sales multiple (the “EV/S Multiple”) of the Comparables with adjustments (the “Adjusted EV/S Multiple”) as the price multiple. As set out in the Valuation Report, enterprise value equals to the sum of the market capitalization, the preferred equity, the minority interest, the short-term debt and the long-term debt of the company minus the cash and cash equivalents of the company. As advised by the valuer, smaller companies often have more business and financial risk than large companies so that smaller companies tend to have lower pricing multiples. The Adjusted EV/S multiple, which is calculated by the formula of $1/[(1/\text{EV/S Multiple}) + \text{sales to net income ratio} \times \text{equity to enterprise value ratio} \times \text{required increase in the equity discount rate for size difference}]$, reflects the information in the original EV/S Multiple of the Comparables as if they had been derived from the firms of the same size as the Colored World Group. As noted from the Valuation Report, the independent valuer have considered the price multiples other than the EV/S Multiple such as the price-to-earnings multiple, price-to-sales multiple and price-to-book multiple. Having considered that using enterprise value can take into account the capital structure of the company and adjustments have been made to the EV/S Multiple in order to reflect the size differences between the Colored World Group and the Comparables, we concur with the independent valuer that the Adjusted EV/S Multiple is a fair and reasonable multiple for the Valuation.

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Details of the Comparables are listed as follows:

#	Company Name	Principal business	Location	Market Cap (US\$) as at 31 July 2013	Adjusted EV/S Multiple
1	Huayi Brothers Media Corporation	Produces and distributes movies and dramas	PRC	3,947,201,000	3.168
2	Beijing Enlight Media Company Limited	Invest, produces and distributes television programs, films and teleplays. The Company's major products include TV shows, TV entertainment programs, films and drama series	PRC	3,167,539,900	4.005
3	DHX Media Ltd.	Produces television programming and movies. The company primarily produces programming for children, youth, and families	Canada	312,811,100	1.634
4	Technicolor SA	Manufactures and distributes digital media solutions. The company offers content management including creation, imaging, finishing, preparation, animation, post processing, audio production, sound technology, advertising, and logistics. Technicolor serves clients worldwide	France	1,680,242,900	0.384
5	DQ Entertainment International Limited	Produces animation, visual effects, game art, and entertainment content for the global media and entertainment industry	India	9,109,200	0.898
6	Prime Focus Ltd.	Offers motion picture post production and visual effects services. The company offers visual effects, digital film lab, telecine, editing, and motion control to high-definition production services	India	92,670,700	1.397
7	Toei Animation Co., Ltd.	Plans and produces animated cartoon movies	Japan	352,990,200	0.418
8	Marvelous AQL Inc.	Plans, produces, and sells visual software such as music CDs and DVDs and also specializes in digital graphics for computer game	Japan	298,708,500	0.764
9	Toho Co., Ltd.	Produces and distributes motion pictures for cinema, television, and video	Japan	3,928,975,200	0.722

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#	Company Name	Principal business	Location	Market Cap (US\$) as at 31 July 2013	Adjusted EV/S Multiple
10	Entertainment One Ltd.	Acquisition, production and distribution of film and television content across all media	Canada	851,307,700	0.381
11	DreamWorks Animation SKG, Inc.	Develops and produces computer generated animated feature films for a broad movie-going audience	US	2,069,084,700	1.279

We have interviewed with the independent valuer about the selection criteria of the Comparables and are given to understand that the independent valuer has selected companies that are engaged in production or application of animation in TV and movies that includes companies that are engaged in applying animation technology in the production of television programs, films, teleplays, drama and cartoons. We have also performed independent research under same selection criteria of the Comparables and each of the principle businesses of the Comparables. We observed the wide selection criteria of the Comparables and that the Adjusted EV/S Multiple of some Comparables such as Huayi Brothers Media Corporation and Beijing Enlight Media Company Limited are relatively higher as compared to other Comparables. Having considered that (i) the Comparables are chosen to have similar principal businesses to that of the Colored World Group; and (ii) the Proposed Sale is a disposal transaction to the Company, we are of the view that the Comparables are fair and representative samples and are in the interest of the Company and the Independent Shareholders as a whole.

Also set out in the Valuation Report, the Colored World Group is unlikely to undergo public offering and the relevant shares are unlikely to be listed in any major stock exchange or be marketable in any over-the-counter market in the near future, a discount for lack of marketability of 20% (the “Discount”) has been adopted in determining the fair value of the Colored World Group. Having considered the circumstances, the Discount (i) may better reflect the reduced value in an investment due to lack of marketability; and (ii) has the same adjustment rate that was used in the valuation of the Previous Disposal, we are of the view that the Discount is commercially justifiable.

We are aware that the Valuation has illustrated a significant decrease as compared to the valuation in respect of 100% equity interest of the Colored World Group which was valued at HK\$605.3 million as at 30 April 2011 (the “Previous Valuation”) in the Previous Disposal. We noted that a control premium of 30% (the “Control Premium”) was adopted in the Previous Valuation to reflect the value of the control associated with the majority equity interest in the Colored World Group and has not been adopted in the Valuation given that the Company no longer has control on the Colored World Group upon the completion of the Previous Disposal. As advised by the independent valuer, the decrease in the amount of Valuation as compared to the Previous Valuation was primarily attributable to the following main factors:

- (i) the Control Premium was applied in the Previous Valuation; and

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- (ii) the impact of the bleak economic outlook on the computer animation industry since 2011 which has affected the performance of the Colored World Group.

We are also aware that market approach was adopted in both the Valuation and the Previous Valuation. Nevertheless, only two (2) comparables (the “Previous Comparables”) had been considered in the Previous Valuation. We have interviewed with the independent valuer and are given to understand that the selection criteria of the Previous Comparables was those companies which engage in animation production only. The independent valuer has applied same selection criteria in considering the Comparables companies in the Valuation however only one company had relevant financial information available. Having considered the sample size of the Comparables, the independent valuer has expanded the selection criteria to companies that not only engage in animation production but also application of animation. Save for the expansion of the selection criteria of the Comparables and exclusion of the Control Premium, there are no other changes in the parameters adopted in the Valuation as compared to the Previous Valuation. Having considered that (i) the market approach is more likely to reflect the current mood of the market and capture the future growth potentials of the Colored World Group as compared to the cost approach and it requires far fewer subjective assumptions than the income approach; and (ii) the Comparables are fair and representative samples as analyzed above, we are of the view that the adoption of the market approach in the Valuation is fair and reasonable.

We have assessed the independence, experience and the qualification of the independent valuer and have also interviewed with the independent valuer in respect of the Valuation. Taking into account (i) the Comparables have been involving in similar business as the Colored World Group; (ii) the adjustment factors regarding lack of marketability considered by the independent valuer; (iii) the independence, qualification and experience of the valuer; (iv) the opinion of the independent valuer who has considered the adoption of market approach in arriving at the fair value of the Colored World Group is the most appropriate valuation approach for assessing the fair value of the Colored World Group; (v) the valuer has adopted the same valuation methodology and there are no other changes in the parameters adopted in the Valuation as compared to the Previous Valuation save for the Control Premium and the Company no longer has control on the Colored World Group upon the completion of the Previous Disposal; and (vi) pursuant to Rule 13.80(2) under the Listing Rules, there is no reason for us to believe any of the information in the Valuation Report is not true or omits a material fact, we are of the view that the Valuation is normal in nature without any unusual assumptions and the basis thereof is fair and reasonable. As such, we consider the Valuation is a fair reference for Independent Shareholders to assess the fairness and reasonableness of the Consideration.

As mentioned above, the Consideration shall be allocated on the basis that the Sale Loans are sold and purchased at face value at Completion, and the balance of the Consideration shall be attributable to the sale and purchase of the Sale Shares. After deducting the expected principal amount of the Sale Loans at Completion of HK\$34.6 million from the Consideration, the consideration for the Sale Shares would be equivalent to HK\$120.5 million (the “Consideration for Sale Shares”), representing a premium of

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approximately 45.2% to the Valuation. Given that the Consideration for Sale Shares presents a premium to the Valuation, we consider the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

Financial effect of the Proposed Sale

(i) Net assets

As set out in the AR 2013, the audited consolidated net asset value of the Group was approximately HK\$2,393.4 million as at 31 March 2013 and as advised by the Company, it is expected that the total net assets of the Group would be increased by an amount which is calculated with reference to the Consideration, the net liabilities of the Colored World Group which is represented by the Sale Shares and recovery of the Sale Loans as at Completion.

(ii) Working capital

As advised by the Company, the working capital of the Group is expected to be increased by the net proceeds from the Proposed Sale.

(iii) Earnings

As set out in Board Letter, the Group is expected to record an unaudited gain of HK\$118.4 million, which was calculated with reference to the Consideration and the cost of investment of the Sale Shares of HK\$114.7 million which was fully impaired in the accounts of the Group as at 31 March 2013 and the Sale Loans.

Recommendation

Having considered the above-mentioned principal factors and reasons, we consider (i) the terms of the Proposed Sale are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Proposed Sale is in the interests of the Company and the Independent Shareholders as a whole. We would therefore recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the Proposed Sale to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executives were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

(i) Long positions in ordinary shares and underlying shares of the Company

Name of Director/ Chief Executive	Personal interests	Number of Shares			Other interests	Interests in underlying Shares/equity derivatives	Total Shares	Percentage of issued share capital
		Family interests	Corporate interests					
Lai Chee Ying, Jimmy	1,720,594,935	—	1,000,000	64,938,230	—	1,786,533,165	73.49	
Cheung Ka Sing, Cassian	18,172,000	—	—	—	14,000,000 (Note 1)	32,172,000	1.32	
Ting Ka Yu, Stephen	90,314	—	—	—	1,618,000 (Note 1)	1,708,314	0.07	
Ip Yut Kin	10,200,377	2,630,000	—	—	—	12,830,377	0.53	
Fok Kwong Hang, Terry	1,800,000	—	—	—	510,000 (Note 1)	2,310,000	0.10	
Wong Chi Hong, Frank	—	—	—	—	510,000 (Note 1)	510,000	0.02	
Lee Ka Yam, Danny	—	—	—	—	510,000 (Note 1)	510,000	0.02	

*(ii) Long positions in underlying shares of the Company's associated corporations**Apple Daily Publication Development Limited ("ADPDL")*

Name of Director/ Chief Executive	Personal interests	Number of Shares		Other interests	Interests in underlying Shares/equity derivatives	Total Shares	Percentage of issued share capital
		Family interests	Corporate interests				
Ting Ka Yu, Stephen	108,344 <i>(Note 2)</i>	—	—	—	—	108,344	1.00
Ip Yut Kin	216,688 <i>(Note 2)</i>	—	—	—	—	216,688	2.00

Colored World Holdings Limited ("Colored World")

Name of Director/ Chief Executive	Personal interests	Number of Shares		Other interests	Interests in underlying Shares/equity derivatives	Total Shares	Percentage of issued share capital
		Family interests	Corporate interests				
Lai Chee Ying, Jimmy	—	—	100 <i>(Note 3)</i>	—	—	100	100.00

nxTomo Ltd. ("nxTomo")

Name of Director/ Chief Executive	Personal interests	Number of Shares		Other interests	Interests in underlying Shares/equity derivatives	Total Shares	Percentage of issued share capital
		Family interests	Corporate interests				
Cheung Ka Sing, Cassian	—	—	—	—	50,000 <i>(Note 4)</i>	—	0.50

nxTomo Games Limited ("nxTomo Games")

Name of Director/ Chief Executive	Personal interests	Number of Shares		Other interests	Interests in underlying Shares/equity derivatives	Total Shares	Percentage of issued share capital
		Family interests	Corporate interests				
Cheung Ka Sing, Cassian	—	—	—	—	50,000 <i>(Note 5)</i>	—	0.50

Notes:

- These interests represent options granted to the Directors as beneficial owners under the share option scheme adopted by the Company on 30 July 2007, details of which are set out in the section headed "Share Incentive Schemes" of the annual report of the Company for the financial year ended 31 March 2013.
- These interests represent the shares of ADPDL issued to the Directors upon the exercise of options granted under the share option scheme adopted by ADPDL on 30 July 2007.
- These interests comprise of (i) the 70% interest in Colored World acquired by Mr. Lai pursuant to the sale and purchase agreement dated 10 June 2011 (as amended by a side letter dated 4 July 2011); and (ii) the 30% interest in Colored World to be acquired by Mr. Lai pursuant to the S&P Agreement at Completion.

4. These interests represent options granted to the Director as a beneficial owner under the share option scheme adopted by nxTomo on 14 June 2013, details of which are set out in the announcement of the Company dated 23 September 2013.
5. These interests represent options granted to the Director as a beneficial owner under the share option scheme adopted by nxTomo Games on 20 February 2008, details of which are set out in the announcement of the Company dated 23 September 2013.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company was interested in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executives were taken or deemed to have under such provisions of the SFO) or which are required to be entered into the register maintained by the Company under section 352 of the SFO or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Discloseable interests and short positions of shareholders under the SFO

As at the Latest Practicable Date, so far as is known to any of the Directors or chief executives of the Company, the following person (other than a person who is a Director or chief executive of the Company) had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or which was recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Number of Shares/ underlying shares of the Company held	Percentage of issued share capital
Li Wan Kam, Teresa	1,786,533,165 (Note)	73.49

Note: These represent the same total number of Shares held by Mr. Lai, as disclosed in the section headed “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” above. Ms. Li Wan Kam, Teresa, is the spouse of Mr. Lai, and is deemed to be interested in these Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any of the Directors or chief executives of the Company, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested

in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

4. INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, save for Mr. Lai who are considered to have a material interest in the S&P Agreement by virtue of his beneficial interests in STV, none of the Directors was materially interested in any contracts or arrangement entered into by any member of the Group which is subsisting at the date of this circular and which is significant in relation to the business of the Group.

Save as disclosed above, none of the Directors has any direct or indirect interest in any assets which have been, since 31 March 2013, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2013, the date to which the latest published audited accounts of the Group have been made up.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered, or is proposing to enter, into any service contract with the Group which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

7. EXPERT

- (a) The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Veda Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, Veda Capital had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.
- (c) Veda Capital has given and has not withdrawn its written consent to the issue of this circular, with inclusion of its letter and references to its name in the form and context in which it is included.
- (d) As at the Latest Practicable Date, Veda Capital was not interested, directly or indirectly, in any assets which had since 31 March 2013 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours of the Company at the registered office of the Company at 1st Floor, 8 Chun Ying Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong up to and including the date of the EGM:

- (a) the S&P Agreement;
- (b) the Shareholders' Agreement; and
- (c) the sale and purchase agreement dated 10 June 2011 entered into between AtNext as the vendor, STV as the purchaser and Mr. Lai as the guarantor for the obligations of STV in respect of the sale of 70% of the entire issued share capital of Colored World, as amended by a side letter dated 4 July 2011.

9. MISCELLANEOUS

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

NOTICE IS HEREBY GIVEN THAT the extraordinary 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 Wednesday, 13 November 2013 at 3:00 p.m. for the purpose of considering and if thought fit, passing, with or without amendment, the following ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the transactions contemplated under the sale and purchase agreement dated 27 September 2013 (the “S&P Agreement”, a copy of which has been produced to this meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) between AtNext Limited as the vendor, Sum Tat Ventures Limited as the purchaser and Mr. Lai Chee Ying, Jimmy as the guarantor to the purchaser, in relation to the sale and purchase of 30 shares in the capital of Colored World Holdings Limited and sale loans for a cash consideration of US\$20.0 million be and are hereby approved; and
- (b) the directors of the Company be and are hereby authorised to do all such acts and things, execute all such documents and exercise all powers as he considers necessary or expedient or desirable in connection with, or to give effect to the S&P Agreement and to implement and/or give effect to the transactions contemplated thereunder including without limitation to the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements.”

By Order of the Board
Wong Shuk Ha, Cat
Company Secretary

Hong Kong, 25 October 2013

NOTICE OF EGM

Notes:

1. Pursuant to the Listing Rules and the Articles of Association of the Company, any vote of member at a general meeting of the Company must be taken by poll except where the chairman of the meeting of the company, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
2. Any member of the Company entitled to attend and vote at the EGM 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.
3. 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 1st Floor, 8 Chun Ying Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
4. The Register of Members of the Company will be closed from Tuesday, 12 November 2013 to Wednesday, 13 November 2013, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining entitlement to attend the EGM. In order to be eligible to attend and vote at the EGM 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 4:30 p.m. on Monday, 11 November 2013.
5. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at or after 1:00 p.m. on 13 November 2013 and/or the Hong Kong Observatory has announced at or before 1:00 p.m. on 13 November 2013 that either of the above mentioned warnings is to be issued within the next two hours, the EGM shall automatically be postponed to the next Business Day on which no "black" rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted between the hours from 1:00 p.m. to 3:00 p.m. and in such case the EGM shall be held at 3:00 p.m. on that Business Day at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong. "Business Day", in this context, shall mean a day (not being Saturday, Sunday or public holiday) on which banks in Hong Kong generally are open for business.