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NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00282)

**MEMORANDUM OF UNDERSTANDING IN RELATION TO
THE POSSIBLE SALE OF A SUBSIDIARY
AND
CESSATION OF OPERATIONS OF THE GROUP'S MULTI-MEDIA DIVISION
IN TAIWAN**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

On 1 October 2012, DGL, NMBL and Max Growth, all being wholly owned subsidiaries of the Company, as the sellers, entered into a non legally binding Memorandum of Understanding with Mr. Lien, as the purchaser, in relation to the possible sale by NMBL and Max Growth to Mr. Lien the entire issued share capital of Next TV, which is the operator of the Group's TV Division. Following completion of the Possible Transaction, DGL agrees to procure to lease the office premises and studio facilities of the Group currently occupied and/or used by Next TV to Mr. Lien on terms to be negotiated.

The Board wishes to emphasize that no definitive agreements in relation to the Possible Transaction have been entered into as at the date of this announcement. As the Possible Transaction may or may not proceed, public investors and the Shareholders are urged to exercise caution when dealing in the Shares.

The Possible Transaction, if materialize, will likely constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) in relation to the Possible Transaction will be made by the Company as and when appropriate in accordance with the Listing Rules.

With a view to streamlining operations, the Board has decided to cease the operation of the Group's Multi-media Division in Taiwan, which provides set-top boxes and supporting services to Next TV, with effect from 31 October 2012.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

POSSIBLE SALE OF NEXT TV

MEMORANDUM OF UNDERSTANDING

Set out below is a summary of the principal terms of the Memorandum of Understanding.

Date

1 October 2012

Parties

(a) DGL, NMBL and Max Growth, as the sellers; and

(b) Mr. Lien, as the purchaser.

The Directors confirmed that to the best of their knowledge, information and belief, having made all reasonable enquiries, Mr. Lien, the purchaser, is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

POSSIBLE TRANSACTION

The Possible Transaction is contemplated to involve the possible sale by NMBL and Max Growth to Mr. Lien the entire issued share capital of Next TV, which is the operator of the Group's TV Division for a cash consideration of NT\$1,400,000,000, equivalent to HK\$370,468,378 (the "Consideration"). Following completion of the Possible Transaction, DGL agrees to procure to lease the office premises and studio facilities of the Group currently occupied and/or used by Next TV to Mr. Lien on terms to be negotiated.

The Possible Transaction is subject to (i) the negotiation and execution of legally binding documentation amongst the relevant parties concerned; (ii) the completion of the due diligence review by Mr. Lien on Next TV; and (iii) all consents or approvals of any relevant governmental authorities or other relevant regulatory bodies in Hong Kong or Taiwan or from third parties and approval from the majority Shareholders (if required).

The parties concerned presently aim to finalize and enter into definitive agreements and all other necessary legal documents in relation to the Possible Transaction within 20 days from the date of execution of the Memorandum of Understanding and to complete the Possible Transaction on or before 31 December 2012. Upon execution of the Memorandum of Understanding, Mr. Lien has paid NT\$140,000,000, equivalent to HK\$37,046,838, representing 10% of the Consideration, to the Group as deposit for the Possible Transaction (the "Deposit"). During the period from the date of execution of the Memorandum of Understanding to 21 October 2012, Mr. Lien has the exclusive right to negotiate with NMBL and Max Growth in relation to the Possible Transaction. If no formal agreement in respect of the sale of entire issued share capital of Next TV has been entered into between the relevant parties on or before 21 October 2012 (or a later date to be agreed by the parties), NMBL and Max Growth shall have the right to forfeit the Deposit and terminate the Memorandum of Understanding.

INFORMATION ON NEXT TV

Next TV, an indirect wholly owned subsidiary of the Company incorporated in Taiwan, is the holder of TV licenses and operates a news channel and a variety channel via Internet Protocol.

CESSATION OF OPERATION OF THE GROUP'S MULTI-MEDIA DIVISION IN TAIWAN

With a view to streamlining operations, the Board has decided to cease the operation of the Group's Multi-media Division in Taiwan, which provides set-top boxes and supporting services to Next TV, with effect from 31 October 2012.

REASONS FOR AND BENEFITS OF THE POSSIBLE TRANSACTION AND CESSATION OF OPERATION OF THE GROUP'S MULTI-MEDIA DIVISION

The Possible Transaction allows the Group to rationalize and focus its resources on the Group's profitable operations which should in turn enable the Group to improve its overall business performance.

The cessation of operation of the Group's Multi-media Division in Taiwan will eliminate continued capital expenditures as well as reduce the operating expenses of the Group for maintaining this Division.

The Directors consider that the Possible Transaction and cessation of operation of the Group's Multi-media Division in Taiwan are in the best interests of the Group and the Shareholders as a whole.

GENERAL

The Board wishes to emphasize that no definitive agreements in relation to the Possible Transaction have been entered into as at the date of this announcement. The Memorandum of Understanding does not oblige either party to enter into the Possible Transaction and is not a legally binding agreement. The terms of the Possible Transaction are still subject to further negotiation and discussion between the relevant parties concerned and the execution of the definitive agreements.

The Possible Transaction, if materialize, will likely constitute a notifiable transaction for the Company under the Listing Rules. The Company will make further announcement(s) in relation to the Possible Transaction, as and when appropriate, in accordance with the Listing Rules.

As the Possible Transaction may or may not proceed, public investors and the Shareholders are urged to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the terms below have the meanings set aside them.

“Board” the board of directors of the Company

“Company”	Next Media Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“DGL”	Database Gateway Limited, a private company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company and the holding company of both NMBL and Max Growth
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Max Growth”	Max Growth B.V., a private company incorporated in the Netherlands with limited liability, holds 45% equity interest in Next TV and is an indirect wholly owned subsidiary of the Company
“Memorandum of Understanding ”	the memorandum of understanding dated 1 October 2012 entered into amongst DGL, NMBL, Max Growth and Mr. Lien setting out the basic understanding for the Possible Transaction
“Mr. Lien”	Mr. Lien Tai-sheng, the purchaser
“Next TV”	壹傳媒電視廣播股份有限公司 (Next TV Broadcasting Limited)*, a private company incorporated in Taiwan with limited liability and an indirect wholly owned subsidiary of the Company
“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, holds 55% equity interest in Next TV and is an indirect wholly owned subsidiary of the Company
“NT\$”	new Taiwan dollars, the lawful currency of Taiwan
“Possible Transaction”	the possible transaction as contemplated under the Memorandum of Understanding involving the possible sale by NMBL and Max Growth to Mr. Lien of the entire

issued share capital of Next TV and following completion of the possible transaction, DGL agrees to procure to lease the office premises and studio facilities of the Group currently occupied/used by Next TV to Mr. Lien on terms to be negotiated

“Shares”	the ordinary share(s) of HK\$1.00 each in the 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
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan”	Republic of China

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

Hong Kong, 1 October 2012

In this announcement, the exchange rate of HK\$1.00 = NT\$3.779 is for reference only.

** English names of entities are translated for identification purpose only.*

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