THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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.

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

VERY SUBSTANTIAL DISPOSAL AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting 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 at 3:00 p.m. on Wednesday, 20 February 2013 is set out on pages 102 to 104 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 January 2013

CONTENTS

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

"Amazing Sino"	Amazing Sino International Limited, a private company incorporated in the BVI with limited liability and an indirect wholly owned subsidiary of the Company
"Amazing Sino Sale Share"	1 ordinary share in the share capital of Amazing Sino which represents the entire issued share capital of Amazing Sino
"Board"	the board of directors of the Company
"BVI"	British Virgin Islands
"Company" or "Next Media"	Next Media Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
"connected person(s)"	has the meaning as ascribed to it in the Listing Rules
"DGL"	Database Gateway Limited, a private company incorporated in the BVI with limited liability and a direct wholly owned subsidiary of the Company and the holding company of Amazing Sino and Ideal Vegas
"Directors"	the directors of the Company
"Disposal Group"	Amazing Sino and Ideal Vegas and their respective subsidiaries and Next TV after Reorganisation
"EGM"	the extraordinary general meeting of the Company to be held at 3:00 p.m. on Wednesday, 20 February 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 for the purpose of considering and, if thought fit, approving the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement and the transactions contemplated thereunder
"Escrow Agent"	國泰世華商業銀行 (Cathy United Bank), the escrow agent under the Print Escrow Agreement and the TV Escrow Agreement
"Excluded Business"	the business of *Eat and Travel Weekly*, *Sudden Weekly* and *Easy Finder* held by Ideal Vegas which does not form part of the assets to be sold under the Proposed Disposal
"Gainchamp"	成昌投資股份有限公司 (Gainchamp Investment Limited*), a company incorporated in Taiwan, one of the Purchasers (TV)

"Global Professional"	Global Professional Investment Limited, a company incorporated in the BVI, one of the Purchasers (Print)
"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
"Huaya"	華亞媒體股份有限公司 (Huaya Media Co., Ltd.*), a company incorporated in Taiwan, one of the Purchasers (TV)
"Ideal Vegas"	Ideal Vegas Limited, a private company incorporated in the BVI with limited liability and an indirect wholly owned subsidiary of the Company
"Ideal Vegas Sale Share"	1 ordinary share in the share capital of Ideal Vegas which represents the entire issued share capital of Ideal Vegas
"Latest Practicable Date"	23 January 2013, the latest practicable date for ascertaining certain information for inclusion in this circular
"Leaseback Print Property"	part of the office premises, studio and car parks in the Print Property, of which DGL shall procure a member of the Group to lease back to the Print Target Group after the Print Reorganisation but prior to completion of the Print Sale and Purchase Agreement
"Leaseback TV Property"	part of the office premises and studio in the TV Property, of which NMBL and Max Growth shall procure a member of the Group to lease back to the Next TV after the TV Reorganisation but prior to completion of the TV Sale and Purchase Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Bao"	龍寶私人有限公司 (Long Bao Pte. Ltd.*), a company incorporated in the Singapore, one of the Purchasers (Print)
"Lucky Bell"	Lucky Bell Holding Limited, a company incorporated in the BVI, one of the Purchasers (Print)
"Max Growth"	Max Growth B.V., a private company incorporated in the Netherlands with limited liability, which holds 45% equity interest in Next TV and is an indirect wholly owned subsidiary of the Company

"Mr. Lai"	Mr. Lai Chee Ying, Jimmy, an executive director, the chairman and a controlling shareholder of the Company
"Newwing"	Newwing Limited, a company incorporated in the BVI, one of the Purchasers (Print)
"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, which holds 55% equity interest in Next TV and is an indirect wholly owned subsidiary of the Company
"NTV Sale Shares"	5,000,000 ordinary shares in the share capital of Next TV which represents the entire issued share capital of Next TV
"NT$"	new Taiwan dollars, the lawful currency of Taiwan
"Print Disposal"	the proposed disposal of the Amazing Sino Sale Share and the Ideal Vegas Sale Share pursuant to the Print Sale and Purchase Agreement
"Print Escrow Agreement"	an agreement entered into between the Purchasers (Print), DGL, the Company and the Escrow Agent on 17 January 2013 regarding the consideration payable by the Purchasers (Print) under the Print Sale and Purchase Agreement in escrow
"Print Escrow Holdback"	the consideration specified in the Print Sale and Purchase Agreement to be withheld by the Escrow Agent under the Print Escrow Agreement
"Print Initial Deposit"	has the meaning ascribed to it in section headed "THE AGREEMENTS — Print Sale and Purchase Agreement — Consideration" in this circular
"Print NAV Adjustment Amount"	has the meaning ascribed to it in section headed "THE AGREEMENTS — Print Sale and Purchase Agreement — Adjustments of consideration" in this circular
"Print Property"	Property A and Property B, which have been sold to a member of the Group at market value as at 29 October 2012 pursuant to the Print Reorganisation
"Print Receivables"	has the meaning ascribed to it in section headed "THE AGREEMENTS — Print Sale and Purchase Agreement — Adjustments of consideration" in this circular

"Print Receivables Reference Amount"	has the meaning ascribed to it in section headed "THE AGREEMENTS — Print Sale and Purchase Agreement — Adjustments of consideration" in this circular
"Print Reorganisation"	the reorganisation of the Group as contemplated under the Print Sale and Purchase Agreement
"Print Sale and Purchase Agreement"	the sale and purchase agreement dated 27 November 2012 entered into amongst DGL, the Company and the Purchasers (Print) in respect of the sale and purchase of the Amazing Sino Sale Share and the Ideal Vegas Sale Share
"Print Target Group"	Amazing Sino, Ideal Vegas and its respective subsidiaries (excluding the Excluded Business)
"Properties"	the Print Property and the TV Property
"Property A"	台灣台北市內湖區行愛路141巷36號、38號、40號、42號及50號 (No. 36, 38, 40, 42 and 50, Lane 141, Xingai Road, Neihu District, Taipei City, Taiwan)
"Property B"	台灣台北市內湖區行愛路141巷42之1號、46號、48號及50號 (No. 42-1, 46, 48 and 50, Lane 141, Xingai Road, Neihu District, Taipei City, Taiwan)
"Property C"	台灣台北市內湖區行愛路141巷39號 (No. 39, Lane 141, Xingai Road, Neihu District, Taipei City, Taiwan)
"Proposed Disposal"	the proposed disposal of the Amazing Sino Sale Share and the Ideal Vegas Sale Share pursuant to the Print Sale and Purchase Agreement and the proposed disposal of the NTV Sale Shares pursuant to the TV Sale and Purchase Agreement
"Purchasers (Print)"	Global Professional, Newwing, Lucky Bell and Long Bao
"Purchasers (TV)"	Huaya, Yong Sin, Tiong Liong and Gainchamp
"Remaining Group"	the Group after completion of the Proposed Disposal
"Reorganisation"	the Print Reorganisation and the TV Reorganisation
"SFO"	Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong)
"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
"TV Disposal"	the proposed disposal of the NTV Sale Shares pursuant to the TV Sale and Purchase Agreement
"TV Escrow Agreement"	an agreement entered into between the Purchasers (TV), NMBL, Max Growth, the Company and the Escrow Agent on 17 January 2013 regarding the consideration payable by the Purchasers (TV) under the TV Sale and Purchase Agreement in escrow
"TV Escrow Holdback"	the consideration specified in the TV Sale and Purchase Agreement to be withheld by the Escrow Agent under the TV Escrow Agreement
"TV Initial Deposit"	has the meaning ascribed to it in section headed "THE AGREEMENTS — TV Sale and Purchase Agreement — Consideration" in this circular
"TV NAV Adjustment Amount"	has the meaning ascribed to it in section headed "THE AGREEMENTS — TV Sale and Purchase Agreement — Adjustments of consideration" in this circular
"TV Property"	Property C, which has been sold to a member of the Group at market value as at 29 October 2012 pursuant to the TV Reorganisation
"TV Receivables"	has the meaning ascribed to it in section headed "THE AGREEMENTS — TV Sale and Purchase Agreement — Adjustments of consideration" in this circular
"TV Receivables Reference Amount"	has the meaning ascribed to it in section headed "THE AGREEMENTS — TV Sale and Purchase Agreement — Adjustments of consideration" in this circular
"TV Reorganisation"	the reorganisation of the Group as contemplated under the TV Sale and Purchase Agreement
"TV Sale and Purchase Agreement"	the sale and purchase agreement dated 27 November 2012 entered into amongst NMBL, Max Growth, the Company and the Purchasers (TV) in respect of the sale and purchase of the NTV Sale Shares
"Taiwan"	Republic of China
"Tiong Liong"	中諒有限公司 (Tiong Liong Co. Ltd.*), a company incorporated in Taiwan, one of the Purchasers (TV)

"US$"	United States dollars, the lawful currency of the United States of America
"Yong Sin"	勇信開發股份有限公司 (Yong Sin Development Co., Ltd.*), a company incorporated in Taiwan, one of the Purchasers (TV)

In this circular, the exchange rate of HK$1.00 = NT$3.752 is for reference only.

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

Executive Directors:
Lai Chee Ying, Jimmy *(Chairman)*
Cheung Ka Sing, Cassian
Ting Ka Yu, Stephen
Ip Yut Kin

Independent Non-Executive Directors:
Fok Kwong Hang, Terry
Wong Chi Hong, Frank
Lee Ka Yam, Danny

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

25 January 2013

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL

We refer to the announcements of the Company dated 17 October 2012, 19 November 2012, 12 December 2012, 11 January 2013 and 14 January 2013 respectively in relation to the proposed disposal by the Group of the operations and assets of its print and TV business in Taiwan (excluding the Group's office buildings and studios currently occupied by the Group's print and TV business in Taiwan (i.e. the Properties) and the Excluded Business).

On 27 November 2012 (after trading hours), DGL as vendor, the Purchasers (Print) as purchasers and the Company entered into the Print Sale and Purchase Agreement pursuant to which, DGL has conditionally agreed to sell, and the Purchasers (Print) have conditionally agreed to purchase, the Amazing Sino Sale Share and the Ideal Vegas Sale Share. On the same date, NMBL and Max Growth as vendors, the Purchasers (TV) as purchasers and the Company entered into the TV Sale and Purchase Agreement pursuant to which, NMBL and Max Growth have conditionally agreed to sell, and the Purchasers (TV) have conditionally agreed to purchase, the NTV Sale Shares. The total consideration for the sale of the Amazing Sino Sale Share, the Ideal Vegas Sale Share and the NTV Sale Shares amounts to a maximum of NT$17,500 million, equivalent to HK$4,664 million, subject to adjustments.

The purpose of this circular is to provide you with more information on the Proposed Disposal and to give you notice of the EGM.

A summary of the principal terms of the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement are set out below.

THE AGREEMENTS

Print Sale and Purchase Agreement

Date

27 November 2012

Parties

(a) DGL, as vendor;

(b) the Company, as guarantor for the vendor; and

(c) Global Professional, Newwing, Lucky Bell and Long Bao as purchasers.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchasers (Print) and its respective ultimate beneficial owner is a third party independent of the Group and its connected persons (as defined in the Listing Rules).

Global Professional is incorporated in the BVI. To the best of the Directors' knowledge, information and belief, Global Professional is principally engaged in investment holding and is represented by Mr. Wang Wen-Yun (王文淵).

Newwing is incorporated in the BVI. To the best of the Directors' knowledge, information and belief, Newwing is principally engaged in investment holding and is represented by Mr. Tsai Shao-Chung (蔡紹中).

Lucky Bell is incorporated in the BVI. To the best of the Directors' knowledge, information and belief, Lucky Bell is principally engaged in investment holding and is represented by Mr. Jeffrey Koo Jr. (辜仲諒).

Long Bao is incorporated in Singapore. To the best of the Directors' knowledge, information and belief, Long Bao is principally engaged in investment holding and is represented by Mr. Li Shih Tsung (李世聰).

Assets to be disposed of

The Amazing Sino Sale Share and the Ideal Vegas Sale Share are owned by DGL. The Amazing Sino Sale Share represent the entire issued share capital of Amazing Sino and the Ideal Vegas Sale Share represent the entire issued share capital of Ideal Vegas and are sold as to 34% to Global Professional, as to 32% to Newwing, as to 20% to Lucky Bell and as to 14% to Long Bao. Upon completion of the Print Sale and Purchase Agreement, the Group will cease to have any interest in Amazing Sino and Ideal Vegas, and Amazing Sino and Ideal Vegas will cease to be subsidiaries of the Group.

Consideration

The total consideration for the Amazing Sino Sale Share and the Ideal Vegas Sale Share is NT$16,000 million (equivalent to HK$4,264 million), subject to adjustments, and is payable as follows:

(a) as to NT$1,600 million (representing an amount of 10% of the total consideration), it was paid as deposit pursuant to the print memorandum of understanding dated 15 October 2012 (the "Print Initial Deposit");

(b) as to NT$6,400 million (representing an amount equal to 50% of the total consideration less the Print Initial Deposit already paid), the Purchasers (Print) shall deposit this amount into an escrow account in the name of the Escrow Agent to be held and applied as one bullet payment on the basis of the terms of the Print Escrow Agreement and the Print Sale and Purchase Agreement, within 10 business days upon the registration of the transfer of the Print Property to a member of the Group, subject to the satisfaction of the following conditions:

   (i) signing of the animation services agreements between the Taiwan Branch of Next Media Animation Limited, a company of which the Group holds 30% share interest, and members of the Print Target Group, pursuant to which the Taiwan Branch of Next Media Animation Limited will provide animation services of "Animated Daily News" (動新聞) and special programmes for use by Amazing Sino and Ideal Vegas for a minimum initial term of 2 years after completion of the Print Sale and Purchase Agreement;

   (ii) DGL having provided the requisite evidence to the BVI counsel appointed by the Purchasers (Print) and the Purchasers (Print) having obtained the legal opinion from the BVI counsel in respect of the ownership of Amazing Sino and Ideal Vegas;

   (iii) the signing of the tenancy agreement(s) between a member of the Group as landlord and the relevant members of the Print Target Group as tenants, respectively in respect of the Leaseback Print Property (for an initial term of 3 years commencing from the completion of the Print Sale and Purchase Agreement);

   (iv) a restructuring which involves all non-wholly owned subsidiaries of Amazing Sino and Ideal Vegas becoming wholly owned by Amazing Sino and Ideal Vegas, respectively (which is one of the steps in the Print Reorganisation); and

   (v) signing of the Print Escrow Agreement between the Purchasers (Print), DGL, the Company and the Escrow Agent; and

(c) as to the balance, on completion of the Print Sale and Purchase Agreement.

As at the Latest Practicable Date, conditions (b)(i), (ii), (iii) and (v) above in respect of the deposit in escrow payable under the Print Sale and Purchase Agreement have been fulfilled and a deposit in the amount of NT$6,400 million has been paid by the Purchasers (Print) to the escrow account of the Escrow Agent.

Each payment to be made under the Print Sale and Purchase Agreement (except the Print Initial Deposit) will be made in US$. If an amount is denominated in NT$, the exchange rate to be applied shall be US$1.00 to NT$29.1035.

The consideration for the Amazing Sino Sale Share and the Ideal Vegas Sale Share was determined after arm's length negotiation between DGL, the Company and the Purchasers (Print) with reference to, among other things, the net asset value of the Print Target Group as at 31 March 2012 with a premium based on the future prospect of the Print Target Group.

Adjustments of consideration

The total consideration for the Amazing Sino Sale Share and the Ideal Vegas Sale Share is subject to the following adjustments:

(i) if the net asset value of the Print Target Group (excluding the Print Property and the Excluded Business) as at completion (to be agreed between DGL and the Purchasers (Print) pursuant to a completion account to be produced within 15 days after completion) is less than NT$2,865 million (equivalent to HK$764 million), being the net asset value of the Print Target Group (excluding the Print Property and the Excluded Business) as at 31 March 2012, the total consideration under the Print Sale and Purchase Agreement shall be adjusted downwards on a dollar-to-dollar basis in respect of such difference (the "Print NAV Adjustment Amount");

(ii) to deduct any tax payable (if any) as a result of the transactions contemplated under the Print Sale and Purchase Agreement which has not been determined as at the Latest Practicable Date;

(iii) to deduct any receivables (the "Print Receivables") of the Print Target Group owed by any parties that were incurred prior to completion of the Print Sale and Purchase Agreement but remain unpaid after 120 days after completion of the Print Sale and Purchase Agreement up to an agreed amount of NT$270 million (equivalent to HK$72 million) (the "Print Receivables Reference Amount"). If the Print Receivables exceeds the Print Receivables Reference Amount, the Purchasers (Print) are entitled to request DGL to compensate for such shortfall. If the Print Target Group receives any Print Receivables after the adjustments are made, the Purchasers (Print) agree to return such receivables to DGL; and

(iv) to deduct the bonus payment and the pension payment of a maximum amount of approximately NT$100 million (equivalent to HK$27 million) to certain employees of the Print Target Group.

As disclosed in Appendix III of this circular, the Company, based on its preliminary assessment, has been advised that the maximum tax exposure in respect of the relevant tax laws which may be applicable to the Print Disposal is approximately NT$3,200 million (equivalent to HK$847 million), which is determined with reference to 20% of the gross sale proceeds of the Print Disposal. The actual amount of tax payable (if any) is subject to the final assessment of the relevant tax authority.

In respect of item (iv) above, employees of the Print Target Group who stay with employment of the Print Target Group will be eligible for the bonus and the pension payment pursuant to the Print Sale and Purchase Agreement, which were determined with reference to one month salary and the pension payment required under the relevant labour laws in Taiwan, respectively.

Escrow arrangement

On 17 January 2013, the Company, DGL, the Purchasers (Print) and the Escrow Agent entered into the Print Escrow Agreement pursuant to which DGL agreed that the Escrow Agent may hold the Print Escrow Holdback in the amount of NT$2,370 million (equivalent to HK$632 million) in the escrow account designated under the Print Escrow Agreement. The Print Escrow Holdback may be released in stages after completion of the Print Sale and Purchase Agreement, including at around 60 days for a maximum amount of NT$1,300 million (equivalent to HK$347 million), as adjusted by the Print NAV Adjustment Amount, within 120 days for a maximum amount of NT$270 million (equivalent to HK$72 million), as adjusted by the Print Receivables and 1 year and 2 years after completion for any potential claims which may be made by the Purchasers (Print) for the amounts of NT$320 million (equivalent to HK$85 million) and NT$480 million (equivalent to HK$128 million), respectively.

Conditions precedent

Completion under the Print Sale and Purchase Agreement is conditional upon satisfaction of the following conditions precedent (unless waived by all parties of the Print Sale and Purchase Agreement):

(a) the approval of the Fair Trade Commission of Taiwan having been obtained in respect of each of the Purchasers (Print), the approval of which is either unconditional or with conditions that have been agreed by the Purchasers (Print);

(b) there being no prohibitions or restrictions under any regulation or government or court order (including provisional injunction) imposed on any parties of the Print Sale and Purchase Agreement to carry out the transactions contemplated thereunder;

(c) the Company having published the relevant announcement in relation to the Print Sale and Purchase Agreement and/or the sale and purchase of the Amazing Sino Sale Share and the Ideal Vegas Sale Share and the Print Reorganization as required to be issued in accordance with the relevant laws, regulations or rules applicable to listed issuers in Hong Kong, and such announcement having been approved by the Stock Exchange; and

(d) the Print Sale and Purchase Agreement, the sale and purchase of the Amazing Sino Sale Share and the Ideal Vegas Sale Share and the Print Reorganisation having been approved at a shareholders' meeting of the Company or (if permitted under the Listing Rules) by written shareholders' approval in lieu of shareholders' meeting.

As at the Latest Practicable Date, condition (c) above has been fulfilled.

As at the Latest Practicable Date, the application to the Fair Trade Commission of Taiwan has been submitted and the Fair Trade Commission of Taiwan has requested further information relating to such application. As at the Latest Practicable Date, the Group is in the process of preparing the requested information relating to the business of the Print Target Group to be submitted to the Fair Trade Commission of Taiwan for the purposes of facilitating the application process. The Company expects to be in a position to submit such information in early February of 2013.

The Purchasers (Print) is not obliged to complete the purchase of the Amazing Sino Sale Share and the Ideal Vegas Sale Share unless all of the following conditions precedent are satisfied (except waived by the Purchasers (Print)):

(a) the representations and warranties made by DGL under the Print Sale and Purchase Agreement being true and accurate;

(b) DGL is not in breach of the terms of the Print Sale and Purchase Agreement and the Print Escrow Agreement has been signed and remains valid;

(c) there have not been any material adverse change to the print business of the Print Target Group since the signing of the Print Sale and Purchase Agreement including those which may arise as a results of actions taken by employee(s), staff and labour union(s) of the Print Target Group;

(d) completion of the Print Reorganisation;

(e) DGL having procured the sale of the Print Property from the relevant members of the Print Target Group to a member of the Group, and the signing of the tenancy agreement(s) between a member of the Group as landlord and the relevant members of the Print Target Group as tenants in respect of the Leaseback Print Property; and

(f) the Purchasers (Print) having secured banking facilities in respect of the consideration payable under the Print Sale and Purchase Agreement. If, for whatever reasons, the bank fails to make such facilities available, this condition shall not be deemed fulfilled. However, in the event that all other conditions precedent under the Print Sale and Purchase Agreement have been fulfilled within 4 months after signing of the Print Sale and Purchase Agreement, this condition shall deemed to be waived.

DGL is not obliged to complete the sale of the Amazing Sino Sale Share and the Ideal Vegas Sale Share unless all of the following conditions precedent are satisfied (except waived by DGL):

(a) the representations and warranties made by the Purchasers (Print) under the Print Sale and Purchase Agreement being true and accurate; and

(b) the Purchasers (Print) are not in breach of the terms of the Print Sale and Purchase Agreement.

Completion

Completion of the Print Sale and Purchase Agreement will take place on the 10th business days (or such other time as the parties may agree) after satisfaction of all of the above conditions precedent.

Completion of the Print Sale and Purchase Agreement is not conditional on the TV Sale and Purchase Agreement. It is therefore possible that the Print Sale and Purchase Agreement will complete without completion of the TV Sale and Purchase Agreement.

Guarantee

The Company has agreed to guarantee to the Purchasers (Print) the performance by DGL of its obligations under the Print Sale and Purchase Agreement and the Print Escrow Agreement.

Termination

DGL has the right to terminate the Print Sale and Purchase Agreement if the Purchasers (Print) failed to rectify a breach of the Print Sale and Purchase Agreement within 15 business days of a written notice of such breach. Upon termination, DGL may forfeit 50% of the Print Initial Deposit paid (being NT$800 million) as liquidated damages and return the balance to the Purchasers (Print).

Similarly, the Purchasers (Print) have the right to terminate the Print Sale and Purchase Agreement if DGL failed to rectify a breach of the Print Sale and Purchase Agreement within 15 business days of a written notice of the breach. Upon termination, DGL shall return the full amount of the Print Initial Deposit (being NT$1,600 million) and pay an addition amount equivalent to 50% of the Print Initial Deposit (being NT$800 million) as liquidated damages to the Purchasers (Print).

If for whatever reason the transactions contemplated under the Print Sale and Purchase Agreement have not been completed on or before 4 months after signing of the Print Sale and Purchase Agreement but extendable on mutual agreement, either party may elect to terminate the Print Sale and Purchase Agreement, pursuant to which DGL shall return to the Purchasers (Print) the full amount of the Print Initial Deposit and give consent to instruct the Escrow Agent to return the consideration held in the escrow account to the Purchasers (Print).

TV Sale and Purchase Agreement

Date

27 November 2012

Parties

(a) NMBL and Max Growth, as vendors;

(b) the Company, as guarantor for the vendors; and

(c) Huaya, Yong Sin, Tiong Liong and Gainchamp as purchasers.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchasers (TV) and its respective ultimate beneficial owner is a third party independent of the Group and its connected persons (as defined in the Listing Rules).

Huaya is incorporated in Taiwan. To the best of the Directors' knowledge, information and belief, Huaya is principally engaged in investment holding and is represented by Mr. Wang Wen-Yun (王文淵).

Yong Sin is incorporated in Taiwan. To the best of the Directors' knowledge, information and belief, Yong Sin is principally engaged in investment holding and is represented by Mr. Li Jiang-Cheng (李建成).

Tiong Liong is incorporated in Taiwan. To the best of the Directors' knowledge, information and belief, Tiong Liong is principally engaged in investment holding and is represented by Mr. Jeffrey Koo Jr. (辜仲諒).

Gainchamp is incorporated in Taiwan. To the best of the Directors' knowledge, information and belief, Gainchamp is principally engaged in investment holding and is represented by Mr. Li Shih Tsung (李世聰).

Assets to be disposed of

The NTV Sale Shares are owned by NMBL as to 55% and by Max Growth as to 45%. The NTV Sale Shares represent the entire issued share capital of Next TV and are sold as to 34% to Huaya, as to 32% to Yong Sin, as to 20% to Tiong Liong and as to 14% to Gainchamp. Upon completion of the TV Sale and Purchase Agreement, the Group will cease to have any interest in Next TV, and Next TV will cease to be a subsidiary of the Group.

Consideration

The total cash consideration for the NTV Sale Shares is NT$1,500 million (equivalent to HK$400 million), subject to adjustments, and is payable as follows:

(a) as to NT$150 million (representing an amount of 10% of the total consideration), it was paid as deposit pursuant to the TV memorandum of understanding dated 15 October 2012 (the "TV Initial Deposit");

(b) as to NT$600 million (representing an amount equal to 50% of the total consideration less the TV Initial Deposit already paid), the Purchasers (TV) shall deposit this amount into an escrow account in the name of the Escrow Agent to be held and applied as one bullet payment on the basis of the terms of the TV Escrow Agreement and the TV Sale and Purchase Agreement, within 10 business days upon the registration of the transfer of the TV Property to a member of the Group, subject to the satisfaction of the following conditions:

 (i) NMBL, Max Growth and the Purchasers (TV) having agreed an organisation restructuring in respect of human resources;

 (ii) signing of the animation services agreements between the Taiwan Branch of Next Media Animation Limited, a company of which the Group holds 30% share interest, and Next TV, pursuant to which the Taiwan Branch of Next Media Animation Limited will provide animation services of "Animated Daily News" (動新聞) and special programmes for use by Next TV for a minimum initial term of 2 years after completion of the TV Sale and Purchase Agreement;

 (iii) the signing of the tenancy agreement(s) between a member of the Group as landlord and Next TV as tenant, respectively in respect of the Leaseback TV Property (for an initial term of 3 years commencing from the completion of the TV Sale and Purchase Agreement); and

 (iv) signing of the TV Escrow Agreement between the Purchasers (TV), NMBL, Max Growth, the Company and the Escrow Agent; and

(c) as to the balance, on completion of the TV Sale and Purchase Agreement.

As at the Latest Practicable Date, conditions (b)(i), (ii), (iii) and (iv) above in respect of the deposit in escrow payable under the TV Sale and Purchase Agreement have been fulfilled and a deposit in the amount of NT$600 million has been paid by the Purchasers (TV) to the escrow account of the Escrow Agent.

Each payment to be made under the TV Sale and Purchase Agreement (except the TV Initial Deposit) will be made in NT$.

The consideration for the NTV Sale Shares was determined after arm's length negotiation between NMBL, Max Growth, the Company and the Purchasers (TV) with reference to, among other things, the net asset value of Next TV as at 31 March 2012 (adjusted by taking into account the effect of the TV Reorganisation) with a premium based on the future prospect of Next TV.

Adjustments of consideration

The total consideration for the NTV Sale Shares is subject to the following adjustments:

(i) if the net asset value of Next TV (excluding the TV Property) as at completion (to be agreed between NMBL, Max Growth and the Purchasers (TV) pursuant to a completion account to be produced within 15 days after completion) is less than NT$2,273 million (equivalent to HK$606 million), being the net asset value of Next TV (excluding the TV Property) as at 31 March 2012, the total consideration under the TV Sale and Purchase Agreement shall be adjusted downwards on a dollar-to-dollar basis in respect of such difference (the "TV NAV Adjustment Amount");

(ii) to deduct any tax payable (if any) as a result of the transactions contemplated under the TV Sale and Purchase Agreement which has not been determined as at the Latest Practicable Date;

(iii) to deduct any receivables (the "TV Receivables") of Next TV owed by any parties that were incurred prior to completion of the TV Sale and Purchase Agreement but remain unpaid after 120 days after completion of the TV Sale and Purchase Agreement up to an amount as stated in the TV Sale and Purchase Agreement of NT$36 million (equivalent to HK$10 million) (the "TV Receivables Reference Amount"). If the TV Receivables exceeds the TV Receivables Reference Amount, the Purchasers (TV) are entitled to request NMBL and Max Growth to compensate for such shortfall. If Next TV receives any TV Receivables after the adjustments are made, the Purchasers (TV) agree to return such receivables to NMBL and Max Growth; and

(iv) to deduct the bonus payment and the pension payment of a maximum amount of approximately NT$42 million (equivalent to HK$11 million) to certain employees of Next TV.

As disclosed in Appendix III of this circular, the Company, based on its preliminary assessment, has been advised that the maximum tax exposure in respect of the relevant tax laws which may be applicable to the TV Disposal is approximately NT$300 million (equivalent to HK$79 million), which is determined with reference to 20% of the gross sale proceeds of the TV Disposal. The actual amount of tax payable (if any) is subject to the final assessment of the relevant tax authority.

In respect of item (iv) above, employees of Next TV who stay with Next TV will be eligible for the bonus and the pension payment pursuant to the TV Sale and Purchase Agreement, which were determined with reference to one month salary and the pension payment required under the relevant labour laws in Taiwan, respectively.

Escrow arrangement

On 17 January 2013, the Company, NMBL, Max Growth, the Purchasers (TV) and the Escrow Agent entered into the TV Escrow Agreement pursuant to which NMBL and Max Growth agreed that the Escrow Agent may hold the TV Escrow Holdback in the amount of NT$661 million (equivalent to HK$176 million) (as mutually agreed to be adjusted subsequently) in the escrow account designated under the TV Escrow Agreement. The TV Escrow Holdback may be released in stages after completion of the TV Sale and Purchase Agreement, including at around 60 days for a maximum amount of NT$550 million (equivalent to HK$146 million) (as mutually agreed to be adjusted subsequently), as adjusted by the TV NAV Adjustment Amount, within 120 days for a maximum amount of NT$36 million (equivalent to HK$10 million), as adjusted by the TV Receivables adjustment and 1 year and 2 years for any potential claims which may be made by the Purchasers (TV) for the amount of NT$30 million (equivalent to HK$8 million) and NT$45 million (equivalent to HK$12 million), respectively.

Conditions precedent

Completion under the TV Sale and Purchase Agreement is conditional upon the satisfaction of the following conditions precedent (unless waived by all parties of the TV Sale and Purchase Agreement):

(a) the approval of the Investment Commission of the Ministry of Economic Affairs of Taiwan in relation to the sale of the NTV Sale Shares by NMBL and Max Growth having been obtained, such approval can either be unconditional or with conditions that are agreeable by the Purchasers (TV);

(b) the approval of the National Communications Commission of Taiwan in relation to change in the satellite broadcasting television application and operation scheme made by Next TV having been obtained, such approval can either be unconditional or with conditions that are agreeable by the Purchasers (TV);

(c) there being no prohibitions or restrictions under any regulation or government or court order (including provisional injunction) imposed on any parties of the TV Sale and Purchase Agreement to carry out the transactions contemplated thereunder;

(d) the Company having published the relevant announcement in relation to the TV Sale and Purchase Agreement and/or the sale and purchase of the NTV Sale Shares and the TV Reorganization as required to be issued in accordance with the relevant laws, regulations or rules applicable to listed issuers in Hong Kong, and such announcement having been approved by the Stock Exchange;

(e) the TV Sale and Purchase Agreement, the sale and purchase of the NTV Sale Shares and the TV Reorganisation having been approved at a shareholders' meeting of the Company or (if permitted under the Listing Rules) by written shareholders' approval in lieu of shareholders' meeting; and

(f) the satisfaction of all conditions precedent of completion of the Print Sale and Purchase Agreement.

As at the Latest Practicable Date, condition (d) above has been fulfilled.

As at the Latest Practicable Date, the applications to the Investment Commission of the Ministry of Economic Affairs of Taiwan and the National Communications Commission of Taiwan are under process of preparation. NMBL and Max Growth are expected to submit the application to the Investment Commission of the Ministry of Economic Affairs of Taiwan after the arrangement for pursuing step (b) of the TV Reorganization has commenced which is expected to be in late January of 2013.

The Purchasers (TV) are not obliged to complete the purchase of the NTV Sale Shares unless all of the following conditions precedent are satisfied (except waived by the Purchasers (TV)):

(a) the representations and warranties made by NMBL and Max Growth under the TV Sale and Purchase Agreement being true and accurate;

(b) NMBL or Max Growth are not in breach of the terms of the TV Sale and Purchase Agreement and the TV Escrow Agreement has been signed and remains valid;

(c) there have not been any material adverse change to the business of Next TV since the signing of the TV Sale and Purchase Agreement including those which may arise as a result of actions taken by employee(s), staff and labour union(s) of Next TV;

(d) completion of the TV Reorganisation;

(e) NMBL and Max Growth having procured the sale of the TV Property from Next TV to a member of the Group, and the signing of the tenancy agreement between a member of the Group as landlord and the Next TV as tenant in respect of the Leaseback TV Property; and

(f) Next TV having implemented an organisation restructuring in respect of human resources as agreed by the Purchasers (TV).

NMBL and Max Growth are not obliged to complete the sale of the NTV Sale Shares unless all of the following conditions precedent are satisfied (except waived by both NMBL and Max Growth):

(a) the representations and warranties made by the Purchasers (TV) under the TV Sale and Purchase Agreement being true and accurate; and

(b) the Purchasers (TV) are not in breach of the terms of the TV Sale and Purchase Agreement;

Completion

Completion of the TV Sale and Purchase Agreement will take place on the 10th business days (or such other time as the parties may agree) after satisfaction of all of the above conditions precedent.

Guarantee

The Company has agreed to guarantee to the Purchasers (TV) the performance by NMBL and Max Growth of its obligations under the TV Sale and Purchase Agreement.

Termination

NMBL and Max Growth have the right to terminate the TV Sale and Purchase Agreement if the Purchasers (TV) failed to rectify a breach of the TV Sale and Purchase Agreement within 15 business days of a written notice of such breach. Upon termination, NMBL and Max Growth may forfeit 50% of the TV Initial Deposit paid (being NT$75 million) as liquidated damages and return the balance to the Purchasers (TV).

Similarly, the Purchasers (TV) has the right to terminate the TV Sale and Purchase Agreement if NMBL and Max Growth failed to rectify a breach of the TV Sale and Purchase Agreement within 15 business days of a written notice of the breach. Upon termination, NMBL and Max Growth shall return the full TV Initial Deposit (being NT$150 million) and pay an addition amount equivalent to 50% of the TV Initial Deposit (being NT$75 million) as liquidated damages to the Purchasers (TV).

If for whatever reason the transactions contemplated under the TV Sale and Purchase Agreement have not been completed on or before 4 months after signing of the TV Sale and Purchase Agreement but extendable on mutual agreement, either party may elect to terminate the TV Sale and Purchase Agreement, pursuant to which NMBL and Max Growth shall return to the Purchasers (TV) the full amount of the TV Initial Deposit paid.

BUSINESS REORGANISATION IN RELATION TO THE PROPOSED DISPOSAL

In order to separate the operations and assets of the Group's print and TV business in Taiwan to be sold pursuant to the Proposed Disposal from (i) the Excluded Business, being the business of *Eat and Travel Weekly*, *Sudden Weekly* and *Easy Finder* held by Ideal Vegas; and (ii) the Group's office buildings and studios currently occupied by the Group's print and TV business in Taiwan (being the Properties), the Company shall complete the Print Reorganisation and the TV Reorganisation prior to the completion of the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement respectively.

Pursuant to the Print Reorganisation, DGL shall procure that:

(a) Ideal Vegas transfers the Excluded Business to a member of the Group;

(b) a restructuring which involves all non-wholly owned subsidiaries of Amazing Sino and Ideal Vegas becoming wholly owned by Amazing Sino and Ideal Vegas, respectively;

(c) the Print Target Group transfers the Print Property to a member of the Group;

(d) all liabilities owed by Amazing Sino and Ideal Vegas from its parent company or its associates be capitalised or waived;

(e) within 15 days after signing of the Print Sale and Purchase Agreement, the internal reorganisation in relation to the web or App services in respect of the print business of the Print Target Group as agreed with the Purchasers (Print) be implemented; and

(f) within 30 days after signing of the Print Sale and Purchase Agreement, the internal reorganisation as a result of the proposed transfer of the Print Property in the Print Reorganisation (including but not limited to the transfer of certain repair, security and reception staff to a third party nominated by DGL) be implemented, for which costs DGL agreed to be responsible.

As at the Latest Practicable Date, steps (a), (c), (e) and (f) of the Print Reorganisation above have been completed. In respect of step (a) above, the Excluded Business was transferred for a nominal consideration from Ideal Vegas to members of the Group. In respect of step (c) above, the consideration for the transfer of the Print Property from Print Target Group to a member of the Group was NT$1,831 million (equivalent to HK$488 million), which was determined based on the market valuation of the Print Property as at 29 October 2012. The consideration for the transfers contemplated under internal reorganisation in steps (e) and (f) above were determined with reference to the actual costs incurred for such transfers.

Pursuant to the TV Reorganisation, NMBL and Max Growth shall procure that:

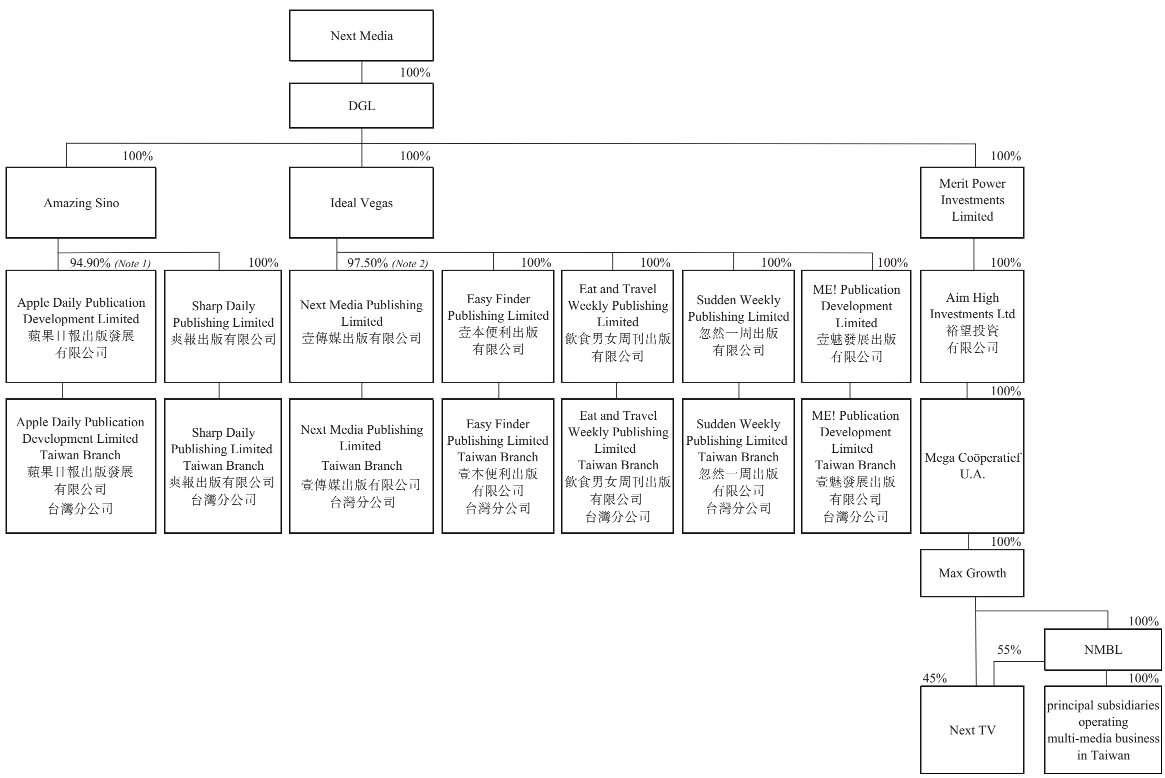
(a) Next TV transfers the TV Property to a member of the Group; and

(b) all liabilities owed by Next TV from its parent company or its associates be capitalised or waived.

As at the Latest Practicable Date, step (a) of the TV Reorganisation above has been completed. In respect of step (a) above, the consideration for the transfer of the TV Property from Next TV to a member of the Group was NT$1,483 million (equivalent to HK$395 million), which was determined based on the market valuation of the TV Property as at 29 October 2012.

Set out below are the simplified group structures of the Group (i) before the Reorganisation; (ii) after the Reorganisation; and (iii) after completion of the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement:

(i) Before Reorganisation

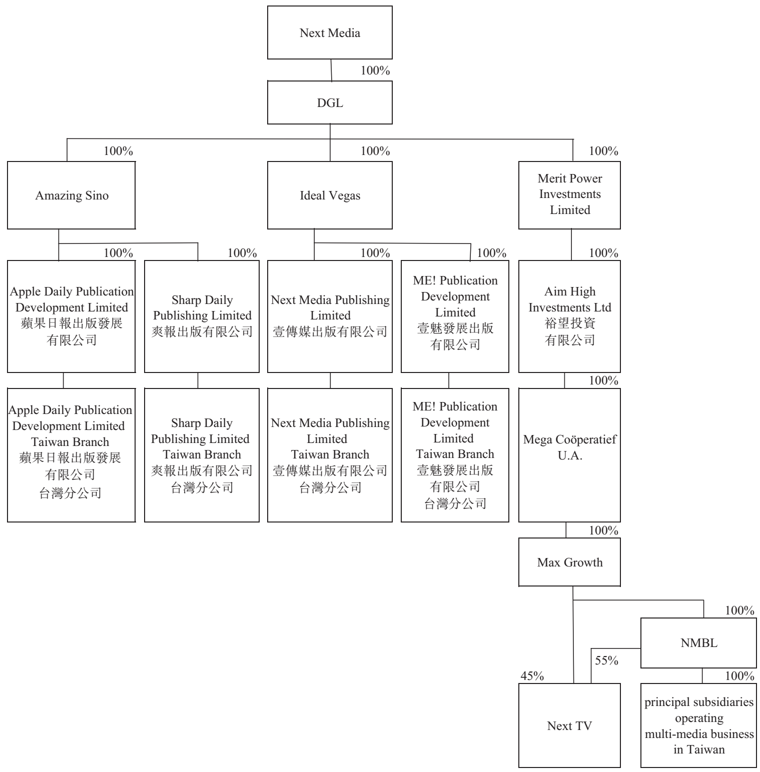


Notes:

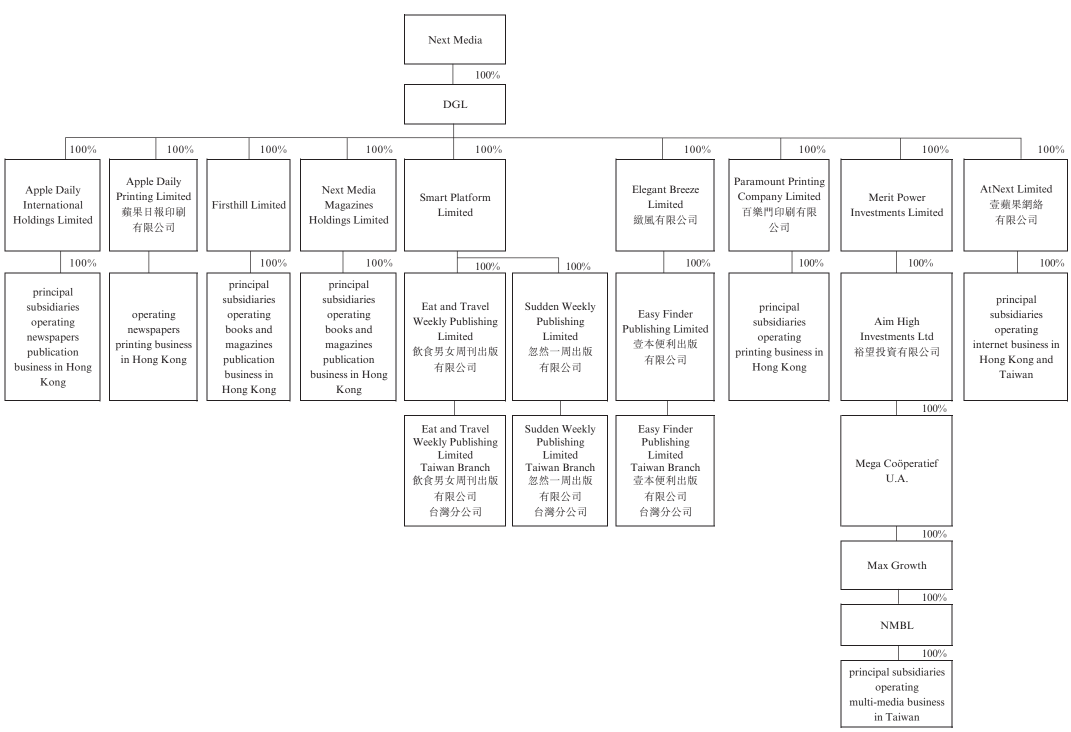
1. 5.1% of the shareholdings in Apple Daily Publication Development Limited are held by Mr. Ting Ka Yu, Stephen and Mr. Ip Yut Kin, the directors of the Company, and employees of the Group.

2. 2.5% of the shareholdings in Next Media Publishing Limited are held by the employees of the Group.

(ii) After Reorganisation



(iii) After completion of the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement



Tenancy agreements

The Print Property and the TV Property do not form part of the assets to be disposed by the Group under the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement. To facilitate continued operations and assets of the Group's print and TV business in Taiwan at the same location after completion, the Print Property has been sold from the relevant members of the Print Target Group to an indirect wholly owned subsidiary of the Company at the market value of NT$1,831 million (equivalent to HK$488 million) as at 29 October 2012, of which NT$918 million (equivalent to HK$245 million) was for the Property A and NT$913 million (equivalent to HK$243 million) was for the Property B, whilst the TV Property (the Property C) has been sold from Next TV to an indirect wholly owned subsidiary of the Company at the market value of NT$1,483 million (equivalent to HK$395 million) as at 29 October 2012.

As at the Latest Practicable Date, an indirect wholly owned subsidiary of the Company has entered into tenancy agreements with the relevant members of the Print Target Group in respect of the Leaseback Print Property and an indirect wholly owned subsidiary of the Company has entered into a tenancy agreement with Next TV in respect of the Leaseback TV Property. The tenancy agreements in respect of the office premises and studios in the Leaseback Print Property and the Leaseback TV Property have an initial term of 3 years commencing from the completion of the Print Sale and Purchase Agreement or the TV Sale and Purchase Agreement (as the case may be). The aggregate monthly rental in respect of the office premises and studios in the Leaseback Print Property and the Leaseback TV Property shall be approximately NT$6.1 million (equivalent to HK$1.6 million) (as mutually agreed to be adjusted subsequently). The monthly rental of the Leaseback Print Property and the Leaseback TV Property was determined with reference to the prevailing market rates pursuant to a rental valuation report prepared by an independent professional third party.

In addition, as at the Latest Practicable Date, the lease agreement (the "2011 Lease Agreement") entered into between Next TV as landlord and the Taiwan Branch of Next Media Animation Limited as tenant in respect of the 2/F, 3/F and 9/F of Property C (the "Premises", which forms part of the TV Property) (as disclosed in the Company's announcement dated 10 June 2011) was terminated and a new lease agreement was entered into between NMBL as landlord and the Taiwan Branch of Next Media Animation Limited as tenant in respect of the Premises for the period from 29 November 2012 to 31 March 2015, both days inclusive, at a monthly rental of NT$669,500 (before tax).

Animation Services Agreements

The Taiwan Branch of Next Media Animation Limited, a company of which the Group holds 30% share interest and the remaining 70% share interest is held by Mr. Lai, has entered into the animation services agreements with members of the Print Target Group and Next TV, respectively, pursuant to which the Taiwan Branch of Next Media Animation Limited will provide animation services of "Animated Daily News" (動新聞) and special programmes for use by the Taiwan Branch of members of the Print Target Group and Next TV for a minimum initial term of 2 years after completion of the Print Sale and Purchase

Agreement and the TV Sale and Purchase Agreement (which will be automatically renewed on an annual basis) and on same terms as the existing terms of the animation services provided by the Taiwan Branch of Next Media Animation Limited or better than terms offered to external customers. The usage fee to be charged under the animation services agreements shall be determined by the standard unit price (which is based on a 100% cost recovery basis) and the actual volume of animated news provided to the members of the Print Target Group and Next TV, respectively.

Intellectual properties

To facilitate continued operations and assets of the Group's print and TV business in Taiwan after completion of the Print Sale and Purchase Agreement and TV Sale and Purchase Agreement, (i) DGL agreed to and/or procure member(s) of the Group to assign the trademarks and domain names used by the Disposal Group (including trademarks of "APPLE DAILY", "蘋果日報", "爽報", "NEXT MAGAZINE", "壹週刊" and "me!" and domain names of appledaily.tw and sharpdaily.tw for the print business to member(s) of the Print Target Group for a nominal consideration prior to completion of the Print Sale and Purchase Agreement; and (ii) NMBL and Max Growth agreed to and/or procure member(s) of the Group to assign the trademarks and domain names used by the Disposal Group (including trademark of and domain name of nexttv.com.tw) for the TV business to Next TV for a nominal consideration prior to completion of the TV Sale and Purchase Agreement.

Non-competing undertaking

Pursuant to the Print Sale and Purchase Agreement, the Company and DGL, undertake, and agree to procure Mr. Lai to undertake, that they (including Mr. Lai and his spouse and relatives) will not carry on a business in Taiwan which competes with the print business of Amazing Sino and Ideal Vegas for a period of 3 years from the completion of the Print Sale and Purchase Agreement.

Pursuant to the TV Sale and Purchase Agreement, the Company, NMBL and Max Growth undertake, and agree to procure Mr. Lai to undertake, that they (including Mr. Lai and his spouse and relatives) will not carry on a business in Taiwan which competes with the TV business of Next TV for a period of 3 years from the completion of the TV Sale and Purchase Agreement.

The Excluded Business and the internet business in Taiwan are not subject to the above non-competing undertaking under the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement.

INFORMATION ABOUT THE DISPOSAL GROUP

Amazing Sino is an indirect wholly owned subsidiary of the Company incorporated in the BVI. It is the holding company of the Group's business of *Taiwan Apple Daily* and *Taiwan Sharp Daily*.

Idea Vegas is an indirect wholly owned subsidiary of the Company incorporated in the BVI. It is the holding company of the Group's business of *Taiwan Next Magazine Bundle*.

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

Based on the unaudited consolidated financial statements of the Disposal Group prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, the loss before taxation and extraordinary items for the year ended 31 March 2011 amount to approximately NT$296 million (equivalent to HK$79 million); the loss after taxation and extraordinary items for the year ended 31 March 2011 amount to approximately NT$322 million (equivalent to HK$86 million); the loss before taxation and extraordinary items for the year ended 31 March 2012 amount to approximately NT$1,042 million (equivalent to HK$278 million); and the loss after taxation and extraordinary items for the year ended 31 March 2012 amount to approximately NT$1,168 million (equivalent to HK$310 million). The unaudited net asset value of the Disposal Group (excluding the Excluded Business and the Properties) as at 30 September 2012 amount to approximately NT$4,879 million (equivalent to HK$1,300 million). The gross consideration (without adjustments) for the Print Target Group amounts to NT$16,000 million (equivalent to HK$4,264 million), which represents an excess of approximately HK$3,348 million over the net asset value of the Print Target Group as at 30 September 2012. The gross consideration (without adjustments) for Next TV amounts to NT$1,500 million (equivalent to HK$400 million), which represents a deficit of approximately HK$340 million over the net asset value of Next TV as at 30 September 2012.

As a result of the Print Disposal, based on the unaudited consolidated financial statements of the Group for the six months ended 30 September 2012, it is expected that the total assets of the Group would increase from approximately HK$4,461 million to approximately HK$6,403 million and the total liabilities of the Group would decrease from approximately HK$2,013 million to approximately HK$1,610 million. Based on the audited consolidated financial statements of the Group for the year ended 31 March 2012, the financial effect of the Print Disposal on the earnings of the Group (including the continuing operations and discontinuing operations of the Group) is expected to result in an improvement from a loss of approximately HK$181 million to a profit of approximately HK$1,977 million, which will be reflected in the financial year in which completion of the Print and Sale and Purchase Agreement takes place and be recognised in the consolidated financial statements of the Print Target Group for that financial year.

As a result of the Proposed Disposal, based on the unaudited consolidated financial statements for the six months ended 30 September 2012, it is expected that the total assets of the Group would increase from approximately HK$4,461 million to approximately HK$5,597 million and the total liabilities of the Group would decrease from approximately HK$2,013 million to approximately HK$1,275 million. Based on the audited consolidated financial statements for the year ended 31 March 2012, the financial effect of the Proposed Disposal on the earnings of the Group (including the continuing operations and discontinuing operations of the Group) is expected to result in an improvement from a loss of approximately HK$181 million to a profit of approximately HK$2,102 million, which will be reflected in the financial year in which completion of the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement takes place and be recognised in the consolidated financial statements of the Group for that financial year.

INFORMATION ABOUT THE REMAINING GROUP

After completion of the Proposed Disposal, the principal focus of the Remaining Group will be on developing digital news and entertainment contents whereby the Group is already a leader in fast animation and animated news, and to strengthen the Group's print media business in Hong Kong. As at the Latest Practicable Date, the Company has not commenced any negotiation or has any intention to dispose of or downsize the assets and operations of its existing business.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Group is mainly engaged in the publication of newspapers, books and magazines for retail and subscription sales; the provision of printing and reprographic services, the provision of internet content; the production and broadcasting of television programs, the sale of advertising space in newspapers and magazines and on websites; and the sale of advertising time in its television operation. Upon completion of the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement, the Group will no longer be engaged in the print media business as well as production and broadcasting of television programs and the sale of advertising time in its television operation in Taiwan.

The Proposed Disposal 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 Proposed Disposal is expected to realize an estimated gain of approximately HK$2,054 million for the Group, which is subject to audit and expected to be accounted for in the consolidated financial statements of the Company upon the completion of the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement. The estimated gain is derived from the proceeds to be received pursuant to the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement (approximately HK$4,664 million) after deducting all related expenses (approximately HK$1,016 million), including the estimated maximum tax provision (approximately HK$933 million), professional fees (approximately HK$8 million), employee bonus and pension costs (approximately HK$38 million) and expense payment (approximately HK$37 million) and the net worth of the Disposal Group as at 30 September 2012 (approximately HK$1,634 million); and further adjusting by adding back the release of the translation reserve (approximately HK$40 million).

The Directors are of the view that the terms of the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

USE OF PROCEEDS AND PROPOSED DIVIDEND

While the Board has not determined the amount of the net proceeds from the Print Disposal or the Proposed Disposal to be applied for specific use, the Company proposes to distribute not less than 50% of the net proceeds to the Shareholders by way of dividend(s) in stages as and when it receives the sale proceeds under the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement, and to retain the balance of the net proceeds from the Print Disposal or the Proposed Disposal (as the case may be) for working capital for the Group's remaining business. As at the Latest Practicable Date, the Board has not determined the amount and payment schedule of any dividend(s). Further announcement will be made in respect of the record date for such dividend entitlement and amount of such dividend(s) when such dividend(s) is declared.

LISTING RULES IMPLICATIONS

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no existing Shareholder is regarded to have a material interest in the Proposed Disposal except for Mr. Ip Yut Kin and Mr. Ting Ka Yu, Stephen who are Directors and who are regarded as having a material interest in the Proposed Disposal by virtue of their personal shareholdings in a subsidiary of the Print Target Group. Mr. Ip Yut Kin and his spouse, who together hold 12,830,377 Shares and Mr. Ting Ka Yu, Stephen who holds 90,314 Shares representing approximately 0.5% and 0.004% respectively of the total voting rights of the Company as at the Latest Practicable Date, are therefore required to abstain from voting on the resolution(s) approving the Proposed Disposal at the EGM. No other Shareholder is required to abstain from voting on the relevant resolution(s) to approve the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

It is anticipated that Mr. Ip Yut Kin and Mr. Ting Ka Yu, Stephen will transfer their personal interests in the relevant subsidiary to the Print Target Group. Such transfer, when effected, will constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Further announcement will be made in accordance with the applicable requirements under Chapter 14A of the Listing Rules in this regard.

EGM

The notice of the EGM is set out on pages 102 to 104 of this circular. Ordinary resolutions in respect of the Proposed Disposal and the transactions contemplated thereunder will be proposed 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 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 Notice of the EGM 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 are of the view that the terms of the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM regarding the Proposed Disposal.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices of this circular and the notice of the EGM.

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

1. FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 March 2010, 2011 and 2012 are set out on pages 79 to 153, 93 to 187 and 101 to 244 of the annual reports of the Group for the years ended 31 March 2010, 2011 and 2012 respectively. They can be accessed on the website of the Company (www.nextmedia.com/investor) and the website of the Stock Exchange (www.hkexnews.hk).

The published unaudited condensed consolidated financial statements of the Group with the relevant notes to the accounts for the six months ended 30 September 2012 are set out on pages 46 to 85 of the interim report of the Group for the six months ended 30 September 2012. They can be accessed on the website of the Company (www.nextmedia.com/investor) and the website of the Stock Exchange (www.hkexnews.hk).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK$716.8 million which were guaranteed by the Group companies and secured by fixed charges on certain of the Group's properties of approximately HK$228.5 million.

Save as aforesaid or as otherwise disclosed in note 6 of General Information in respect of litigation contained in Appendix IV of this circular, and apart from intra-group liabilities, the Group did not have, outstanding at the close of business on 30 November 2012, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees, or other material contingent liabilities.

3. WORKING CAPITAL

The Directors of the Company are of the opinion that, after taking into account the financial resources available to the Group including the estimated net proceeds generated from the Proposed Disposal, the available credit facilities and our internally generated funds, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular.

4. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS AND OPEARATIONS OF THE REMAINING GROUP

(a) For the financial year ended 31 March 2010

The Remaining Group made a profit of HK$189.1 million for the 12 months ended 31 March 2010, compared with a profit of HK$209.2 million in the previous financial year, a decrease of 9.6%.

The Remaining Group's revenue totalled HK$1,884.3 million for the year ended 31 March 2010. This was 4.7% lower than the figure of HK$1,977.6 million for the preceding 12 months.

Operational Review

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division continued to account for the largest percentage of the Remaining Group's entire revenue.

Apple Daily

In the year under review, *Apple Daily's* revenue amounted to HK$1,011.6 million, a slight decrease of 1.8% on the previous year's figure of HK$1,030.3 million. Circulation income accounted for HK$403.4 million of this figure, which was 1.9% less than the previous year's figure of HK$411.2 million. However, the lingering effects of the global economic crisis on Hong Kong's economy depressed the newspaper's advertising income, which amounted to HK$608.2 million, a 1.8% decline on the previous year's figure of HK$619.1 million.

Apple Daily Printing Limited (ADPL)

The revenue of the Remaining Group's printing operations amounted to HK$377.6 million, the same figure as in the previous year. Excluding transactions related to printing Next Media's own publications, the revenue of ADPL amounted to HK$117.3 million during the 2009/10 financial year, which was 0.2% lower than the HK$117.5 million it achieved in the preceding 12 months.

Books and Magazines Publication and Printing Division

The results of the Books and Magazines Publication Division and the Books and Magazines Printing Division were combined into the Books and Magazines Publication and Printing Division, with effect from 1 April 2009.

The total revenue of the combined Division was HK$710.8 million during the year under review, a 9.5% decrease on the total revenue of HK$785.2 million that the two divisions generated in the previous year.

Next Magazine

Next Magazine's advertising income amounted to HK$161.1 million during the year, 6.7% less than the previous year's total of HK$172.6 million.

Sudden Weekly Bundle

Sudden Weekly Bundle's advertising income amounted to HK$187.4 million in the 2009/10 financial year, basically holding steady on the previous year's figure of HK$187.9 million. On the other hand, its circulation income rose by 2.4%. As a result, the title's total revenue amounted to HK$278.1 million in the 2009/10 financial year, compared with HK$276.5 million during the previous year.

FACE Bundle

FACE Bundle's revenue came under considerable pressure during the year. The title's total revenue was 15.4% lower in the year under review, declining to HK$87.0 million, compared with HK$102.8 million during the previous 12 months.

The commercial printing operation's revenue during the year ended 31 March 2010 amounted to HK$245.8 million, which was 20.5% less than the figure of HK$309.2 million for the previous year. Internal revenue accounted for HK$152.9 million or 62.2% of this figure, while revenue from external customers made up the remaining HK$92.9 million, a decrease of 31.9% on the preceding year's figure of HK$136.5 million.

Internet Businesses Division

The Division generated a total of HK$44.6 million in external revenue, the same amount as in the previous year. This consisted of subscription fees, advertising revenue and content licensing payments. It made a segment loss of HK$73.4 million during the year under review, compared with a segment loss of HK$62.2 million during the previous year.

Significant Investments, Material Acquisitions and Disposals

The Remaining Group did not have any significant investments, material acquisitions or disposals during the year ended 31 March 2010.

Financial Review

Long-term and Short-term Borrowings

As at 31 March 2010, the Remaining Group's had no long-term borrowings, including current portions. This represented a decline of HK$97.3 million on the same date of the previous financial year. As at 31 March 2010, the current portion of the Remaining Group's long-term borrowings was nil, a decline of HK$33.0 million against the figure of HK$33.0 million as compared with 31 March 2009.

Borrowings and Gearing

The Remaining Group's primary source of finance for its operation during the 2009/10 financial year was the cash flow generated by its operating activities-to a lesser extent the banking facilities provided by its principal bankers. The Remaining Group adopted a treasury policy to closely monitor the financial needs of its operations and arrange Hong Kong dollars banking facilities to meets its needs when required.

As at 31 March 2010, the available banking facilities of the Remaining Group were all in Hong Kong dollars totalling HK$175.0 million, of which HK$5.5 million had been utilised. There was no seasonality in the Remaining Group's bank borrowing requirements, and all the monies borrowed bear interest at floating rates.

During the year, there were no financial instruments used for hedging purpose and no foreign currency net investments were hedged by currency borrowings and other hedging instruments.

As at 31 March 2010, the Remaining Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$364.8 million. Its gearing ratio on the same date was 0%, compared to 3.5% a year earlier. The Remaining Group's gearing ratios are calculated by dividing long-term borrowings, including current portions, by total assets.

Exchange Rate Exposure and Capital Expenditure

During the year under review, the Remaining Group's transactions were mainly denominated in Hong Kong Dollars and its exchange rate exposure was minimal.

The Remaining Group's capital expenditure for the 2009/10 financial year totalled HK$19.4 million. It had committed to further capital expenditure of HK$11.9 million on its operations.

Pledge of Assets

As at 31 March 2010, Next Media had not pledged any elements of the Remaining Group's property portfolio and printing equipment to the banks as security for bank loans granted.

Contingent Liabilities and Guarantees

During the year under review, Next Media incurred contingent liabilities arising as a result of a number of litigation proceedings in Hong Kong. Such proceedings are an occupational hazard in the publishing business.

In addition, the Remaining Group had a dispute with UDL Contracting Limited ("UDL") as the contractor for the construction of a printing facility of a subsidiary of the Company, ADPL, over amounts payable in respect of the construction of the facility. Separate legal action concerning the claim was taken against ADPL and Mr. Lai Chee Ying, Jimmy ("Mr. Lai") in the High Court during 2007. The proceedings against ADPL have been referred to arbitration and the final outcome remained uncertain.

In connection with the acquisition of Database Gateway Limited and its subsidiaries (the "Acquired Group") on 26 October 2001, Mr. Lai, the Chairman and a substantial shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or connected with (1) any third party claims made against the Acquired Group on and before 26 October 2001, (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001 and (3) the contractor dispute with UDL (the "Indemnity"). In relation to the Indemnity, Mr. Lai, also procured a bank guarantee of HK$60.0 million for a term of three years from 25 October 2007 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

The Directors are of the opinion that, in view of the Indemnity given by Mr. Lai, it is unlikely the Remaining Group would incur any indemnity if UDL were to pursue its various claims to their ultimate conclusion. It is therefore the opinion of the Directors that the outstanding claims brought by UDL would not have any adverse material impact on the Remaining Group's financial position.

Next Media also maintains contingent liabilities that are related to various corporate guarantees the Company has provided to financial institutions for facilities utilised by certain of its subsidiaries. As at 31 March 2010, these contingent liabilities stood at HK$175.0 million.

Employees and Remuneration Policy

As of 31 March 2010, the Remaining Group employed a total of 2,002 people in Hong Kong and Canada (2009: 1,974).

The Remaining Group offers a comprehensive range of employee benefits, including insurance and medical coverage and maternity and paternity benefits, as well as retirement and mandatory provident fund schemes. To motivate the members of our senior and middle management to generate extra value for our shareholders, we operate discretionary share option schemes and a share subscription and financing plan that offer them options and invitations to subscribe for shares in Next Media and its operating subsidiaries.

Future Plans for Material Investments and Acquisitions of Capital Assets

The Remaining Group did not have any specific plan for material investments and acquisitions of capital assets as at 31 March 2010.

Prospects and Outlook

The Remaining Group's results for the year were in line with its expectations, given the fact that the markets in which it operates have been gradually recovering from the 2008 global economic crisis, which was one of the most severe and wide-ranging for many decades. It managed to withstand the turmoil and outperform most of its rivals. This has enabled it to maintain its leading status in the Hong Kong print media industries.

Apple Daily occupied the top spot as the most widely read newspapers in Hong Kong. *Next Magazine* and *Sudden Weekly Bundle* are the best-selling and most widely read weeklies in their respective categories in Hong Kong, while *FACE Bundle* remains a favourite weekly among the city's young people.

While continuing to emphasise print media as its core business, the Remaining Group is continuously seeking opportunities to extend the scope of its operations.

Dividend

The Directors resolved not to recommend the payment of a final dividend for the year ended 31 March 2010 (2008/09: Nil).

(b) For the financial year ended 31 March 2011

The Remaining Group's revenue totalled HK$2,019.4 million during the year ended 31 March 2011. This was 7.2% higher than the figure of HK$1,884.3 million for the preceding 12 months.

Operational Review

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division continued to account for the largest percentage of the Remaining Group's revenue.

Apple Daily

Apple Daily's revenue amounted to HK$1,095.2 million during the year under review, an increase of 8.3% on the previous financial year's figure of HK$1,011.6 million. Due to a slight decrease in its average daily sales during the year, *Apple Daily's* circulation sales income was HK$388.6 million, 3.7% less than the previous year's figure of HK$403.4 million. Influenced by the Hong Kong economy's strong recovery during the second half of 2010, the newspaper's advertising sales income amounted to HK$706.6 million, 16.2% more than the previous financial year's figure of HK$608.2 million.

ADPL

The newspaper printing business once again contributed a stable income to the Remaining Group. Its Hong Kong printing operations recorded a revenue of HK$396.6 million during the 2010/11 financial year, compared with HK$377.6 million the previous year, an increase of 5.0%.

Excluding transactions related to printing Next Media's own publications, the revenue of ADPL amounted to HK$133.7 million during the 2010/11 financial year, which was 14.0% higher than the HK$117.3 million it achieved in the preceding 12 months.

Books and Magazines Publication and Printing Division

The Books and Magazines Publication and Printing Division accounted for a significant proportion of the Remaining Group's revenue.

Next Magazine Bundle

Next Magazine Bundle's advertising revenue for the year under review surged by 16.8% to HK$188.2 million, compared with HK$161.1 million during the preceding financial year.

Sudden Weekly Bundle

During the year under review, *Sudden Weekly Bundle's* advertising sales income amounted to HK$216.1 million, compared with the figure of HK$187.4 million in 2009/10; and its total revenue amounted to HK$305.2 million, as against HK$278.1 million during the previous financial year, representing increases of 15.3% and 9.7%, respectively.

FACE Bundle

FACE Bundle's total revenue was 7.2% higher in the year under review, amounting to HK$93.3 million, compared to HK$87.0 million during the preceding 12 months.

Paramount Printing Company Limited

Its revenue during the year ended 31 March 2011 amounted to HK$265.5 million, which was 8.0% more than the figure of HK$245.8 million for the previous financial year. Internal sales accounted for HK$162.1 million or 61.1% of this, whereas sales to external customers made up the remaining HK$103.4 million, an increase of 11.3% on the preceding financial year's figure of HK$92.9 million.

Internet Division

The Division generated a total of HK$13.3 million in external revenue, compared with HK$44.6 million the previous financial year. It made a segmental loss of HK$49.7 million during the year under review, compared to a loss of HK$73.4 million during the previous year.

Significant Investments, Material Acquisitions and Disposals

The Remaining Group did not have any significant investments, material acquisitions or disposals during the year ended 31 March 2011.

Financial Review

Long-term and Short-term Borrowings

As at 31 March 2011, the Remaining Group's long-term borrowings, including current portions, totalled HK$650.0 million. This represented an increase of HK$650.0 million on the same date of the previous financial year. As at 31 March 2011, the current portion of the Remaining Group's long-term borrowings stood at HK$81.3 million, an increase of HK$81.3 million as compared with 31 March 2010.

Borrowings and Gearing

The Remaining Group's primary source of finance for its operation during the 2010/11 financial year was the cash flow generated by its operating activities- to a lesser extent the banking facilities provided by its principal bankers. The Remaining Group adopted a treasury policy to closely monitor the financial needs of its operations and arrange Hong Kong dollars banking facilities to meets its needs when required.

As at 31 March 2011, the Remaining Group's available banking facilities were all in Hong Kong dollars totalling HK$825.0 million, of which HK$655.5 million had been utilised. There was no seasonality in the Remaining Group's bank borrowing requirements, and all the monies borrowed bear interest at floating rates.

During the year, there were no financial instruments used for hedging purpose and no foreign currency net investments were hedged by currency borrowings and other hedging instruments.

As at 31 March 2011, the Remaining Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$670.2 million. Its gearing ratio on the same date was 18.9%, compared to 0% a year earlier. The Remaining Group's gearing ratios are calculated by dividing long-term borrowings, including current portions by total assets.

Exchange Rate Exposure and Capital Expenditure

During the year under review, the Remaining Group's transactions were mainly denominated in Hong Kong Dollars and its exchange rate exposure was minimal.

The Remaining Group's capital expenditure for the 2010/11 financial year totalled HK$318.7 million. As at 31 March 2011, it had committed to further capital expenditure of HK$35.8 million on its operations.

Pledge of Assets

As at 31 March 2011, Next Media had pledged certain elements of the Remaining Group's Hong Kong property portfolio and printing equipment to Hong Kong banks as securities for bank loans granted to its Hong Kong operations. The aggregate carrying value of these assets was HK$503.6 million.

Contingent Liabilities and Guarantees

During the year under review, Next Media incurred contingent liabilities arising as a result of a number of litigation proceedings in Hong Kong. Such proceedings are an occupational hazard in the publishing business.

In addition, the Remaining Group had a dispute with UDL as the contractor for the construction of a printing facility of a subsidiary of the Company, ADPL, over amounts payable in respect of the construction of the facility. Separate legal action concerning the claim was taken against ADPL and Mr. Lai in the High Court during 2007. The proceedings against ADPL have been referred to arbitration and the final outcome remained uncertain.

In connection with the acquisition of the Acquired Group on 26 October 2001, Mr. Lai, the Chairman and a substantial shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or connected with (1) any third-party claims made against the Acquired Group on and before 26 October 2001; (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001; and (3) the contractor dispute with UDL. In relation to the Indemnity, Mr. Lai also procured a bank guarantee of HK$60.0 million for a term of three years from 26 October 2010 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

The Directors are of the opinion that, in view of the indemnity given by Mr. Lai, it is unlikely the Remaining Group would incur any indemnity if UDL were to pursue its various claims to their ultimate conclusion. It is therefore the opinion of the Directors that the outstanding claims brought by UDL would not have any adverse material impact on the Remaining Group's financial position.

Next Media also maintains contingent liabilities that are related to various corporate guarantees the Company has provided to financial institutions for facilities utilised by certain of its subsidiaries. As at 31 March 2011, these contingent liabilities stood at HK$825.0 million.

Employees and Remuneration Policy

As at 31 March 2011, the Remaining Group employed a total of 2,070 people based in Hong Kong and Canada (2010: 2,002).

The Remaining Group offers a comprehensive range of employee benefits, including insurance and medical coverage and maternity and paternity benefits, as well as retirement and mandatory provident fund schemes. To motivate the members of our senior and middle management to generate extra value for our shareholders, we operate discretionary share option schemes and a share subscription and financing plan that offer them options and invitations to subscribe for shares in Next Media and its operating subsidiaries.

Future Plans for Material Investments and Acquisitions of Capital Assets

The Remaining Group did not have any specific plan for material investments and acquisitions of capital assets as at 31 March 2011.

Prospects and Outlook

Generally speaking, the results of the Remaining Group's print media operations were in line with and even exceeded its expectations. Most of its publications outperformed their competitors in the market, in terms of both their sales and advertising revenues. *Apple Daily* occupied the top spot as the most widely read paid-for newspapers in Hong Kong. *Next Magazine Bundle* and *Sudden Weekly Bundle* were the bestselling and most widely read weeklies in their respective categories in Hong Kong, whereas *FACE Bundle* remained a favourite weekly of the city's young people.

Dividend

The Directors resolved not to recommend the payment of a final dividend for the year ended 31 March 2011 (2009/10: Nil).

(c) For the financial year ended 31 March 2012

The Remaining Group's revenue from continuing operation totalled HK$2,083.6 million during the year ended 31 March 2012. This was 3.2% higher than the restated figure of HK$2,019.4 million for the preceding 12 months. The increase in revenue was mainly attributable to the rise in the advertising income of the Remaining Group's publications.

Operational Review

Newspapers Publication and Printing Division

The Newspapers Publication and Printing Division continued to account for the lion's share of the Remaining Group's revenue.

Apple Daily

Apple Daily's revenue was relatively stable during the year under review, amounting to HK$1,029.6 million, a slight dip of 6.0% on the previous financial year's figure of HK$1,095.2 million. Meanwhile, its advertising revenue amounted to HK$679.7 million, compared to HK$706.6 million the previous year. Due to a decrease in its average daily sales during the year, its circulation sales income totalled HK$349.9 million, 10.0% less than the previous year's figure of HK$388.6 million.

Hong Kong Sharp Daily

The most important milestone in the Remaining Group's Hong Kong operations during the 2011/12 financial year was the launch of *Hong Kong Sharp Daily*, its free daily newspaper, on 19 September 2011. The new tabloid has proved tremendously popular with the general public. During the period from January to March 2012, a daily average 924,056 copies were being distributed every day from Mondays to Fridays in the city's main commercial districts and housing estates.

ADPL

Bolstered by the extra business created by the launch of *Hong Kong Sharp Daily*, the Remaining Group's newspaper printing business had a good year, and once again it contributed a stable income to the Remaining Group. Its Hong Kong printing operations recorded a revenue of HK$433.5 million during the 2011/12 financial year, compared with HK$396.6 million the previous year, an increase of 9.3%.

Excluding transactions related to printing Next Media's own publications, the revenue of ADPL amounted to HK$137.4 million during the 2011/12 financial year. This was 2.8% more than the HK$133.7 million it achieved in the preceding 12 months.

Books and Magazines Publication and Printing Division

The Books and Magazines Publication and Printing Division continued to account for a significant proportion of the Remaining Group's income. Despite fierce competition within the global printing industry and a big decline in the number of orders being placed by publishers in Western countries, its external revenue during the year under review amounted to HK$813.4 million, a 4.6% increase on the previous financial year's figure of HK$777.6 million.

Next Magazine Bundle

Next Magazine Bundle's advertising revenue for the year under review increased by 14.3% to HK$215.1 million, compared with HK$188.2 million during the preceding financial year.

Sudden Weekly Bundle

During the year under review, *Sudden Weekly Bundle's* advertising sales income amounted to HK$240.9 million, compared with the figure of HK$216.1 million in 2010/11; and its total revenue amounted to HK$323.0 million, compared with HK$305.2 million the previous financial year, representing increases of 11.5% and 5.8%, respectively.

FACE Bundle

The title's total revenue was increased by 13.5% during the year under review to HK$105.9 million, against the figure of HK$93.3 million for the preceding 12 months.

Paramount Printing Company Limited

Its revenue during the year ended 31 March 2012 amounted to HK$250.4 million, which was 5.7% less than the figure of HK$265.5 million for the previous financial year. Internal sales accounted for HK$157.8 million or 63.0% of this amount, whereas sales to external customers made up the remaining HK$92.6 million, a decrease of 10.4% on the preceding financial year's figure of HK$103.4 million.

Internet Division

During the year under review, it recorded HK$47.2 million in external revenue from its continuing operations, an increase of 303.4% on the restated amount of HK$11.7 million for the previous year.

On the other hand, the Division devoted additional resources to revamping its portals and other IT support during the year. As a result, it recorded a loss of HK$36.9 million, compared with a restated loss of HK$20.3 million in the preceding 12 months.

Significant Investments, Material Acquisitions and Disposals

On 10 June 2011, AtNext Limited ("AtNext"), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement (as amended by a side letter dated 4 July 2011) with Sum Tat Ventures Limited ("STV"), a company 100% beneficial owned by Mr. Lai, 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 70.0% share interest in the Remaining Group's animation operation for a consideration of US$100.0 million (equivalent to approximately HK$776.0 million).

Save as disclosed above, the Remaining Group did not have any significant investments, material acquisitions or disposals during the year ended 31 March 2012.

Financial Review

Long-term and Short-term Borrowings

As at 31 March 2012, the Remaining Group's long-term borrowings, including current portions, totalled HK$568.8 million. This represented a decrease of 12.5% on the figure of HK$650.0 million on the same date of the previous financial year. As at 31 March 2012, the current portion of the Remaining Group's long-term borrowings stood at HK$243.8 million, an increase of 199.9% measured as against the figure of HK$81.3 million as compared with 31 March 2011.

Borrowings and Gearing

The Remaining Group's primary source of finance for its operation during the 2011/12 financial year was the cash flow generated by its operating activities-to a lesser extent the banking facilities provided by its principal bankers. The Remaining Group adopted a treasury policy to closely monitor the financial needs of its operations and arrange Hong Kong dollars banking facilities to meets its needs when required.

As at 31 March 2012, the Remaining Group's available banking facilities were all in Hong Kong dollars totalling HK$688.3 million, of which HK$572.3 million had been utilised. There was no seasonality in the Remaining Group's bank borrowing requirements, and all the monies borrowed bear interest at floating rates.

During the year, there were no financial instruments used for hedging purpose and no foreign currency net investments were hedged by currency borrowings and other hedging instruments.

As at 31 March 2012, the Remaining Group's total bank balances, including restricted bank balances and cash on hand, amounted to HK$538.7 million. Its gearing ratio on the same date was 17.1%, compared to 18.9% a year earlier. The Remaining Group's gearing ratios are calculated by dividing long-term borrowings, including current portions, by total assets.

Exchange Rate Exposure and Capital Expenditure

During the year under review, the Remaining Group's transactions were mainly denominated in Hong Kong Dollars and its exchange rate exposure was minimal.

The Remaining Group's capital expenditure for the 2011/12 financial year totalled HK$258.3 million. As at 31 March 2012, it had committed to further capital expenditure of HK$22.6 million on its operations.

Pledge of Assets

As at 31 March 2012, Next Media had pledged certain elements of the Remaining Group's Hong Kong property portfolio and printing equipment to Hong Kong banks as securities for bank loans granted to its Hong Kong operations. The aggregate carrying value of these assets was HK$459.7 million.

Contingent Liabilities and Guarantees

During the year under review, Next Media incurred contingent liabilities arising as a result of a number of litigation proceedings in Hong Kong. Such proceedings are an occupational hazard in the publishing business.

In addition, the Remaining Group had a dispute with UDL as the contractor for the construction of a printing facility of a subsidiary of the Company, ADPL, over amounts payable in respect of the construction of the facility. Separate legal action concerning the claim was taken against ADPL and Mr. Lai in the High Court during 2007. The proceedings against ADPL have been referred to arbitration and the final outcome remained uncertain.

In connection with the acquisition of the Acquired Group on 26 October 2001, Mr. Lai, the Chairman and a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or connected with (1) any third party claims made against the Acquired Group on and before 26 October 2001; (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazines published by the Acquired Group on and at any time before 26 October 2001; and (3) the contractor dispute with UDL. In relation to the Indemnity, Mr. Lai also procured a bank guarantee of HK$60.0 million for a term of three years up to 25 October 2013 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

The Directors of the Company are of the opinion that, in view of the indemnity given by Mr. Lai, it is unlikely the Remaining Group would incur any indemnity if UDL were to pursue its various claims to their ultimate conclusion. It is therefore the opinion of the Directors of the Company that the outstanding claims brought by UDL would not have any adverse material impact on the Remaining Group's financial position.

Next Media also maintains contingent liabilities that are related to various corporate guarantees the Company has provided to financial institutions for facilities utilised by certain of its subsidiaries. As at 31 March 2012, these contingent liabilities amounted to HK$688.3 million.

Employees and Remuneration Policy

As of 31 March 2012, Next Media employed a total of 2,287 people in Hong Kong and Canada (2011: 2,070).

The Remaining Group offers a comprehensive range of employee benefits, including insurance and medical coverage and maternity and paternity benefits, as well as retirement and mandatory provident fund schemes. To motivate the members of our senior and middle management to generate extra value for our shareholders, we operate discretionary share option schemes and a share subscription and financing plan that offer them options and invitations to subscribe for shares in Next Media and its operating subsidiaries.

Future Plans for Material Investments and Acquisitions of Capital Assets

The Remaining Group did not have any specific plan for material investments and acquisitions of capital assets as at 31 March 2012.

Prospects and Outlook

Next Media's print publications form the rock-solid foundation of its business; they continue to perform satisfactorily, both in terms of their sales and advertising revenues. They have tremendously loyal and high-quality readerships that make them attractive to advertisers. The Remaining Group regards them as its most valuable assets, and it feels they will continue to make indispensable contributions to its future success.

Yet, Next Media is also mindful that the fundamentals of the media industry are changing irreversibly and at an accelerating pace. The trend for the future is away from paid-for newspapers towards free ones, and from print media towards electronic media, including online and mobile media.

Dividend

The Directors resolved not to recommend the payment of a final dividend for the year ended 31 March 2012 (2010/11: Nil).

(d) For the six months ended 30 September 2012

Financial Results

The Remaining Group's revenue from continuing operations totalled HK$1,053.1 million during the six months ended 30 September 2012. This was HK$10.7 million or 1.0% greater than the HK$1,042.4 million it recorded in the same period of 2011.

Operational Review

Newspapers Publication and Printing Division

The results of the Remaining Group's Newspapers Publication and Printing Division's during the six months ended 30 September 2012 were broadly in line with expectations, given the weakened economic conditions during the period under review. Its revenue totalled HK$560.7 million representing a decrease of 8.6% on the figure of HK$613.3 million for the corresponding period last year.

Apple Daily's revenue totalled HK$293.5 million during the period under review, a decrease of 18.7% on the figure of HK$360.8 million recorded in the same period of 2011.

Sharp Daily, the Group's free tabloid in Hong Kong, continued to gain popularity. An average of 835,925 copies were distributed at prime commercial areas, housing estates and MTR stations throughout the city every morning during the period from 1 April and 30 June 2012, compared with an average of 924,056 copies in the preceding three months. This put it in the No. 2 slot among Hong Kong's free dailies in terms of distributed copies per day.

ADPL

This newspaper printing operation continued to contribute a stable income to the Remaining Group. During the period under review, its revenue amounted to HK$215.1 million, an increase of 8.4% over the figure of HK$198.4 million achieved in the corresponding period of last year.

The revenue derived from external customers of ADPL (total revenue minus transactions related to printing Next Media's own publications) amounted to HK$60.1 million during the period ended 30 September 2012, which was 11.0% lower than the HK$67.5 million it achieved in the same months of 2011. This came mainly from contracts to print local editions of overseas newspapers and an existing contract to print another Hong Kong free daily.

Books and Magazines Publication and Printing Division

The Remaining Group's Books and Magazines Publication and Printing Division performed satisfactorily during the period ended 30 September 2012, despite of weaker economy. Its revenue totalled HK$402.0 million, a slight decrease of 1.7% on the HK$409.0 million it achieved in the same period of 2011.

The revenue of *Next Magazine Bundle* amounted to HK$134.7 million in the six months ended 30 September 2012, a decline of 5.3% compared with the figure of HK$142.3 million for the corresponding period last year.

Sudden Weekly Bundle's total revenue decreased to HK$156.5 million in the six months up to 30 September 2012, compared with HK$160.6 million in the same period of 2011.

FACE Bundle achieved total revenue of HK$50.5 million in the six months up to 30 September 2012, compared with HK$53.2 million during the same period last year, a decrease of 5.1%.

Paramount Printing Company Limited

Besides printing the Remaining Group's own magazines, the Division continued to produce high-quality printing work for external customers. Against a backdrop of intense competition, this division generated revenue of HK$58.8 million in the six months ended 30 September 2012, which was 14.4% more than the HK$51.4 million it earned in the same period last year.

Internet Business Division

The Division's external revenue consisted of subscription fees, advertising revenue and content licensing payments. This amounted to HK$71.9 million during the period under review, compared with HK$5.7 million recorded in the same months last year. This was mainly due to the transfer of external online advertising revenues from the Newspapers Publication and Printing Division and the Books and Magazines Publication and Printing Division to the Internet Businesses Division. It made a segment loss of HK$60.9 million, compared to a loss of HK$17.8 million in the corresponding period of 2011.

Significant Investments, Material Acquisitions and Disposals

The Remaining Group did not have any significant investments, material acquisitions or disposals during the six months ended 30 September 2012.

Financial Review

Liquidity and Financial Resources

The Remaining Group's primary source of finance for its operation during the the six months ended 30 September 2012 was the cash flow generated by its operating activities to a lesser extent the banking facilities provided by its principal bankers. The Remaining Group adopted a treasury policy to closely monitor the financial needs of its operations and arrange Hong Kong dollars banking facilities to meets its needs when required.

As at 30 September 2012, the Remaining Group had available banking facilities were all in Hong Kong dollars totalling HK$520.3 million, of which HK$409.8 million had been utilized.

During the period, there were no financial instruments used for hedging purpose and no foreign currency net investments were hedged by currency borrowings and other hedging instruments.

As at 30 September 2012, the Remaining Group's aggregate bank balances and cash reserves amounted to HK$138.8 million. On the same date, its gearing ratio amounted to 16.1% as compared to 17.1% as at 31 March 2012.

Assets Pledged

As at 30 September 2012, the Remaining Group had pledged its properties and printing equipment situated in Hong Kong with an aggregate carrying value of HK$446.5 million to various banks as security for banking facilities granted to it.

Exchange Exposure and Capital Expenditure

During the period under review, the Remaining Group's transactions were mainly denominated in Hong Kong Dollars and its exchange rate exposure was minimal.

The Remaining Group's capital expenditure for the six months ended 30 September 2012 totalled HK$17.6 million. As at 30 September 2012, it had committed to further capital expenditure of HK$5.7 million on its operations.

Contingent Liabilities and Guarantees

As at 30 September 2012, the Remaining Group had contingent liabilities in respect of a number of legal proceedings in Hong Kong arising in the normal course of its publishing business.

In addition, the Remaining Group had a dispute with UDL as contractor for the construction of a printing facility of ADPL, over amounts payable in respect of the construction of the facility. As the aforesaid dispute is now under arbitration, the final outcome remains uncertain.

In connection with the acquisition of the Acquired Group on 26 October 2001, Mr. Lai, Chairman and a controlling shareholder of the Company, has undertaken to provide unlimited personal indemnities to the Acquired Group against all payments, claims, suits, damages and settlement payments and any associated costs and expenses arising, made or incurred after 26 October 2001 arising out of or in connection with (1) any third party claims made against the Acquired Group on and before 26 October 2001; (2) defamation claims, claims for infringement of intellectual property rights and other proceedings and claims which may in the future arise from the content of the newspaper and magazine published by the Acquired Group on and at any time before 26 October 2001; and (3) the contractor dispute with UDL. In relation to the Indemnity, Mr. Lai procured a bank guarantee of HK$60.0 million for a term of three years upto 25 October 2013 in favour of the Company and the Acquired Group in respect of his obligations under the Indemnity.

The Directors are of the opinion that, in view of the indemnity given by Mr. Lai, it is unlikely the Remaining Group would incur any indemnity if UDL were to pursue its various claims to their ultimate conclusion. It is therefore the opinion of the Directors that the outstanding claims brought by UDL would not have any adverse material impact on the Remaining Group's financial position.

Next Media also maintains contingent liabilities that are related to various corporate guarantees the Company has provided to financial institutions for facilities utilised by certain of its subsidiaries. As at 30 September 2012, these contingent liabilities stood at HK$520.3 million.

Future Plans for Material Investments and Acquisitions of Capital Assets

The Remaining Group did not have any specific plan for material investments and acquisitions of capital assets as at 30 September 2012.

Employees and Remuneration Policy

As at 30 September 2012, the remaining Group employed a total of 2,287 employees, of whom 2,283 were in Hong Kong and 4 were in Canada. There were no material changes to the policies regarding employee remuneration, bonuses, share incentive schemes and staff development disclosed in the 2011/12 annual report of the Company.

Future Prospects and Outlook

The economy of Hong Kong is currently overshadowed by adverse conditions in the global economy, especially the drawn-out debt crisis in the Euro zone and the lacklustre performance of the US economy. These factors are also slowing down the Mainland Chinese economy, on which it is dependent to a high degree. The Remaining Group therefore intends to focus on its well-established presence in the Hong Kong market.

At the same time, the Remaining Group will ensure its future growth by continuing to leverage its digital content operations and expand its presence in the mobile space of key markets in Asia. The Remaining Group also intends to develop *Sharp Daily* in Hong Kong as a multimedia platform that offers a distinctive shopping experience.

Set out below are (i) the unaudited consolidated statements of financial position of Amazing Sino as at 31 March 2010, 2011, 2012 and 30 September 2012, the related unaudited consolidated statements of comprehensive income, statements of changes in equity, statements of cash flows for each of the three years ended 31 March 2012 and the six months ended 30 September 2012, and explanatory notes; (ii) the unaudited consolidated statements of financial position of Ideal Vegas as at 31 March 2010, 2011, 2012 and 30 September 2012, the related unaudited consolidated statements of comprehensive income, statements of changes in equity, statements of cash flows for each of the three years ended 31 March 2012 and the six months ended 30 September 2012, and explanatory notes; and (iii) the unaudited statements of financial position of Next TV as at 31 March 2010, 2011, 2012 and 30 September 2012, the related unaudited statements of comprehensive income, statements of changes in equity, statements of cash flows for the period from 7 July 2009 (date of incorporation) to 31 March 2010, each of the two years ended 31 March 2012 and the six months ended 30 September 2012, and explanatory notes, which have been reviewed by the auditor of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). There was no qualification or modification in the review reports issued by the auditors.

A. REPORT ON REVIEW OF UNAUDITED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AMAZING SINO INTERNATIONAL LIMITED

(incorporated in the British Virgin Islands with limited liability)

Deloitte.
德勤

Introduction

We have reviewed the unaudited consolidated financial information set out on pages 51 to 56, which comprises the unaudited consolidated statements of financial position of Amazing Sino International Limited ("Amazing Sino") and its subsidiaries (collectively referred to as the "Amazing Sino Group") as of 31 March 2010, 2011, 2012 and 30 September 2012, and the related unaudited consolidated statements of comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows for each of the periods then ended (the "Relevant Periods') and explanatory notes (the "Unaudited Consolidated Financial Information"). The Unaudited Consolidated Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Next Media Limited ("Next Media") in connection with Amazing Sino in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Consolidated Financial Information of the Amazing Sino Group in accordance with the basis of preparation set out in note 2 to the Unaudited Consolidated Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Unaudited Consolidated Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibility is to express a conclusion on the Unaudited Consolidated Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", which applies to a review of historical financial information performed by the independent auditor of the entity issued by the HKICPA. A review of Unaudited Consolidated Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Consolidated Financial Information of the Amazing Sino Group for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Consolidated Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 January 2013

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For each of the three years ended 31 March 2012 and the six months ended 30 September 2012

	Year ended 31 March			Six months ended 30 September	
	2010	2011	2012	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	1,050,178	1,231,193	1,306,509	678,305	620,164
Production costs	(637,442)	(753,141)	(829,820)	(425,066)	(387,928)
Personnel costs excluding direct production staff costs	(129,950)	(158,642)	(158,775)	(82,969)	(80,583)
Other income	18,766	23,400	40,005	20,723	30,387
Depreciation of property, plant and equipment	(41,664)	(45,389)	(49,629)	(24,929)	(25,566)
Other expenses	(76,022)	(78,675)	(79,329)	(45,914)	(49,729)
Finance costs	(7,855)	(5,075)	(4,023)	(2,106)	(1,619)
Profit before tax	176,011	213,671	224,938	118,044	105,126
Income tax expense	—	—	(27,419)	(1,556)	(24,236)
Profit for the year/period	176,011	213,671	197,519	116,488	80,890
Other comprehensive income (expense)					
Exchange differences arising on translation	48,281	46,767	(20,825)	(33,604)	(20,865)
Total comprehensive income for the year/period	224,292	260,438	176,694	82,884	60,025
Profit to the year/period attributable to:					
Owners of the Company	176,011	213,671	190,371	116,488	75,850
Non-controlling interests	—	—	7,148	—	5,040
	176,011	213,671	197,519	116,488	80,890
Total comprehensive income attributable to:					
Owners of the Company	224,292	260,438	169,203	82,884	56,094
Non-controlling interests	—	—	7,491	—	3,931
	224,292	260,438	176,694	82,884	60,025

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 March 2010, 2011, 2012 and 30 September 2012

	As at 31 March			As at 30 September
	2010	2011	2012	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	576,418	587,135	551,454	535,403
CURRENT ASSETS				
Inventories	60,861	81,035	81,263	95,404
Trade and other receivables	203,443	216,911	245,101	255,505
Amount due from ultimate holding company	184	131	—	88
Amounts due from fellow subsidiaries	92	41	476	1,607
Bank balances and cash	279,795	134,306	93,516	29,209
	544,375	432,424	420,356	381,813
CURRENT LIABILITIES				
Trade and other payables	109,826	127,295	121,024	145,210
Amount due to ultimate holding company	—	—	26	—
Amounts due to fellow subsidiaries	1,132,651	831,648	626,676	514,549
Amounts due to related parties	—	—	1,470	1,001
Tax liabilities	—	—	26,708	24,526
Borrowings	97,586	38,231	37,980	38,211
	1,340,063	997,174	813,884	723,497
NET CURRENT LIABILITIES	(795,688)	(564,750)	(393,528)	(341,684)
TOTAL ASSETS LESS CURRENT LIABILITIES	(219,270)	22,385	157,926	193,719
NON-CURRENT LIABILITIES				
Borrowings	168,334	152,926	113,940	95,528
Deferred tax liability	—	—	877	882
Retirement benefits obligations	14,823	18,054	19,283	21,014
	183,157	170,980	134,100	117,424
NET (LIABILITIES) ASSETS	(402,427)	(148,595)	23,826	76,295
CAPITAL AND RESERVES				
Share capital	—	—	—	—
Reserves	(402,427)	(148,595)	16,335	64,873
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	(402,427)	(148,595)	16,335	64,873
NON-CONTROLLING INTERESTS	—	—	7,491	11,422
TOTAL EQUITY	(402,427)	(148,595)	23,826	76,295

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For each of the three years ended 31 March 2012 and the six months ended 30 September 2012

	Attributable to owners of the Company				Attributable to non-controlling interests	
	Share capital	Translation reserve	Accumulated (losses) profits	Sub total	Share of net assets of subsidiaries	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009	—	(68,314)	(558,405)	(626,719)	—	(626,719)
Exchange differences arising on translation	—	48,281	—	48,281	—	48,281
Profit for the year	—	—	176,011	176,011	—	176,011
Total comprehensive income for the year	—	48,281	176,011	224,292	—	224,292
At 31 March 2010	—	(20,033)	(382,394)	(402,427)	—	(402,427)
Exchange differences arising on translation	—	46,767	—	46,767	—	46,767
Profit for the year	—	—	213,671	213,671	—	213,671
Total comprehensive income for the year	—	46,767	213,671	260,438	—	260,438
Acquisition of additional interest in subsidiaries	—	—	(6,606)	(6,606)	—	(6,606)
At 31 March 2011	—	26,734	(175,329)	(148,595)	—	(148,595)
Exchange differences arising on translation	—	(21,168)	—	(21,168)	343	(20,825)
Profit for the year	—	—	190,371	190,371	7,148	197,519
Total comprehensive (expense) income for the year	—	(21,168)	190,371	169,203	7,491	176,694
Acquisition of additional interest in subsidiaries	—	—	(4,273)	(4,273)	—	(4,273)
At 31 March 2012	—	5,566	10,769	16,335	7,491	23,826
Exchange differences arising on translation	—	(19,756)	—	(19,756)	(1,109)	(20,865)
Profit for the period	—	—	75,850	75,850	5,040	80,890
Total comprehensive (expense) income for the period	—	(19,756)	75,850	56,094	3,931	60,025
Acquisition of additional interest in subsidiaries	—	—	(7,556)	(7,556)	—	(7,556)
At 30 September 2012	—	(14,190)	79,063	64,873	11,422	76,295
At 1 April 2011	—	26,734	(175,329)	(148,595)	—	(148,595)
Exchange differences arising on translation	—	(33,604)	—	(33,604)	—	(33,604)
Profit for the period	—	—	116,488	116,488	—	116,488
Total comprehensive (expense) income for the period	—	(33,604)	116,488	82,884	—	82,884
At 30 September 2011	—	(6,870)	(58,841)	(65,711)	—	(65,711)

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For each of the three years ended 31 March 2012 and the six months ended 30 September 2012

	Year ended 31 March			Six months ended 30 September	
	2010	**2011**	**2012**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES					
Profit before tax	176,011	213,671	224,938	118,044	105,126
Adjustment for:					
Finance costs	7,855	5,075	4,023	2,106	1,619
(Reversal of allowance) allowance for bad and doubtful debts	(326)	(6,141)	(4,219)	2,548	1,980
Depreciation	41,664	45,389	49,629	24,929	25,566
Loss (gain) on disposal of property, plant and equipment	151	3	(24)	(5)	(83)
Interest income	(1,428)	(359)	(312)	(147)	(139)
Operating cash flows before movements in working capital	223,927	257,638	274,035	147,475	134,069
Decrease (increase) in inventories	28,471	(20,174)	(228)	(535)	(14,141)
Increase in trade and other receivables	(13,273)	(7,327)	(23,971)	(36,132)	(12,384)
Increase (decrease) in trade and other payables	1,976	17,469	(6,271)	13,298	24,186
Increase (decrease) in retirement benefits plans	2,146	3,231	1,229	(329)	1,731
Net cash from operations	243,247	250,837	244,794	123,777	133,461
Income tax paid	—	—	(31)	—	(26,581)
NET CASH FROM OPERATING ACTIVITIES	243,247	250,837	244,763	123,777	106,880
INVESTING ACTIVITIES					
Interest received	1,428	359	312	147	139
Proceeds from disposal of property, plant and equipment	1,603	43	68	40	86
Repayment from (advance to) ultimate holding company	52	53	157	11	(114)
Repayment from (advance to) fellow subsidiaries	103,268	24,117	(18,324)	(12,447)	(24,364)
Purchase of property, plant and equipment	(17,922)	(9,820)	(16,797)	(6,821)	(6,236)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	88,429	14,752	(34,584)	(19,070)	(30,489)

	Year ended 31 March			Six months ended 30 September	
	2010	2011	2012	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
FINANCIAL ACTIVITIES					
Repayment of borrowings	(76,612)	(265,920)	(39,237)	(25,095)	(18,181)
Repayment to fellow subsidiaries	(362,267)	(301,003)	(205,788)	(132,798)	(112,304)
Advance from (repayment to) related parties	—	—	1,470	—	(469)
Acquisition of additional interest in subsidiaries	—	(6,606)	(4,273)	—	(7,556)
New borrowings raised	—	191,157	—	—	—
Interest paid	(7,855)	(5,075)	(4,023)	(2,106)	(1,619)
NET CASH USED IN FINANCING ACTIVITIES	(446,734)	(387,447)	(251,851)	(159,999)	(140,129)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(115,058)	(121,858)	(41,672)	(55,292)	(63,738)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/ PERIOD	423,825	279,795	134,306	134,306	93,516
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(28,972)	(23,631)	882	(3,129)	(569)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	279,795	134,306	93,516	75,885	29,209

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

For each of the three years ended 31 March 2012 and the six months ended 30 September 2012

1. GENERAL

On 27 November 2012, Database Gateway Limited ("DGL"), a wholly owned subsidiary of Next Media Limited ("Next Media"), Next Media and various purchasers (the "Purchasers") entered into a sale and purchase agreement pursuant to which DGL has conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase the entire equity interest in Amazing Sino International Limited ("Amazing Sino") (the "Transaction").

2. BASIS OF PRESENTATION OF THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

The unaudited consolidated financial information of Amazing Sino and its subsidiaries (the "Amazing Sino Group") has been prepared in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and is solely for the purpose of inclusion in the circular to be issued by Next Media in connection with the Transaction.

The amounts included in the unaudited consolidated financial information for each of the three years ended 31 March 2012 and the six months ended 30 September 2012 have been recognised and measured in accordance with the relevant accounting policies in the preparation of the consolidated financial statements or condensed consolidated financial statements of Next Media for the respective years and period.

The unaudited consolidated financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" nor an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

In preparing the unaudited consolidated financial information of the Amazing Sino Group, the directors of Amazing Sino have given careful consideration to the future liquidity and going concern of the Amazing Sino Group in light of the fact that the Amazing Sino Group's current liabilities exceeded its current assets by approximately HK$341,684,000 as at 30 September 2012. The directors of Amazing Sino are satisfied that the Amazing Sino Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration that (i) Next Media has agreed to repay the borrowings of approximately HK$133,739,000 for the Amazing Sino Group upon completion of the Transaction; (ii) Next Media has agreed to waive the current accounts in respect of the amounts due to related companies of approximately HK$1,001,000 and amounts due to fellow subsidiaries of approximately HK$514,549,000 upon completion of the Transaction; and (iii) Next Media has agreed to provide adequate funds for the Amazing Sino Group to meet in full its financial obligations as and when they fall due in the foreseeable future until the Transaction is completed. In addition, the directors of the Company are of the opinion that, on completion of the Transaction the Purchasers will provide adequate funds for the Amazing Sino Group to meet in full its financial obligations as and when they fall due in the foreseeable future.

B. REPORT ON REVIEW OF UNAUDITED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF IDEAL VEGAS LIMITED

(incorporated in the British Virgin Islands with limited liability)

Deloitte.
德勤

Introduction

We have reviewed the unaudited consolidated financial information set out on pages 59 to 64, which comprises the unaudited consolidated statements of financial position of Ideal Vegas Limited ("Ideal Vegas") and its subsidiaries (collectively referred to as the "Ideal Vegas Group") as of 31 March 2010, 2011, 2012 and 30 September 2012, and the related unaudited consolidated statements of comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows for each of the periods then ended (the "Relevant Periods") and explanatory notes (the "Unaudited Consolidated Financial Information"). The Unaudited Consolidated Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Next Media Limited (the "Company") in connection with Ideal Vegas in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Unaudited Consolidated Financial Information of the Ideal Vegas Group in accordance with the basis of preparation set out in note 2 to the Unaudited Consolidated Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Unaudited Consolidated Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibility is to express a conclusion on the Unaudited Consolidated Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", which applies to a review of historical financial information performed by the independent auditor of the entity issued by the HKICPA. A review of Unaudited Consolidated Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Consolidated Financial Information of the Ideal Vegas Group for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Consolidated Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 January 2013

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For each of the three years ended 31 March 2012 and the six months ended 30 September 2012

	Year ended 31 March			Six months ended 30 September	
	2010	**2011**	**2012**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	194,401	230,296	246,001	127,779	113,882
Production costs	(112,985)	(142,375)	(153,954)	(79,315)	(76,027)
Personnel cost excluding direct production staff costs	(25,587)	(29,562)	(36,741)	(17,790)	(17,157)
Other income	2,837	3,652	785	420	789
Depreciation of property, plant and equipment	(2,650)	(3,234)	(3,649)	(1,902)	(1,952)
Other expenses	(23,751)	(30,520)	(8,152)	(15,488)	(14,249)
Finance costs	(1,551)	(1,141)	(875)	(442)	(323)
Profit before tax	30,714	27,116	43,415	13,262	4,963
Income tax expense	(5,752)	(6,345)	(5,631)	(3,201)	(996)
Profit for the year/period	24,962	20,771	37,784	10,061	3,967
Other comprehensive income (expense)					
Exchange differences arising on translation	6,794	5,200	(721)	(3,721)	814
Total comprehensive income for the year/period	31,756	25,971	37,063	6,340	4,781
Profit for the year/period attributable to:					
Owners of the Company	22,191	20,251	36,839	9,809	3,868
Non-controlling interests	2,771	520	945	252	99
	24,962	20,771	37,784	10,061	3,967
Total comprehensive income attributable to:					
Owners of the Company	29,017	25,319	36,136	6,181	4,661
Non-controlling interests	2,739	652	927	159	120
	31,756	25,971	37,063	6,340	4,781

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
At 31 March 2010, 2011, 2012 and 30 September 2012

	As at 31 March			As at 30 September
	2010	2011	2012	2012
	HK$'000	HK$'000	HK$'000	HK$'000
NON-CURRENT ASSETS				
Property, plant and equipment	98,159	107,596	104,823	105,236
CURRENT ASSETS				
Inventories	5,802	5,881	8,598	7,964
Trade and other receivables	28,770	34,446	34,110	34,605
Amount due from ultimate holding company	43	—	25	20
Amounts due from fellow subsidiaries	1	26	30	120
Bank balances and cash	96,841	49,987	59,425	65,112
	131,457	90,340	102,188	107,821
CURRENT LIABILITIES				
Trade and other payables	35,097	53,978	34,388	39,263
Amount due to ultimate holding company	—	1,345	—	—
Amounts due to fellow subsidiaries	90,945	22,845	25,325	25,714
Tax liabilities	754	4,623	2,197	960
Borrowings	19,283	7,625	7,575	7,621
	146,079	90,416	69,485	73,558
NET CURRENT (LIABILITIES) ASSETS	(14,622)	(76)	32,703	34,263
TOTAL ASSET LESS CURRENT LIABILITIES	83,537	107,520	137,526	139,499
NON-CURRENT LIABILITIES				
Borrowings	33,745	30,500	22,725	19,053
Retirement benefit obligations	7,790	9,047	9,765	10,629
	41,535	39,547	32,490	29,682
NET ASSETS	42,002	67,973	105,036	109,817
CAPITAL AND RESERVES				
Share capital	—	—	—	—
Reserves	39,263	64,582	100,718	105,379
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	39,263	64,582	100,718	105,379
NON-CONTROLLING INTERESTS	2,739	3,391	4,318	4,438
TOTAL EQUITY	42,002	67,973	105,036	109,817

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For each of the three years ended 31 March 2012 and the six months ended 30 September 2012

	Attributable to owners of the Company				Attributable to non-controlling interests	
	Share capital	Translation reserve	Accumulated profits	Sub total	Share of net assets of subsidiaries	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009	—	(8,076)	18,557	10,481	—	10,481
Exchange differences arising on translation	—	6,826	—	6,826	(32)	6,794
Profit for the year	—	—	22,191	22,191	2,771	24,962
Total comprehensive income for the year	—	6,826	22,191	29,017	2,739	31,756
Acquisition of additional interest in a subsidiary	—	—	(235)	(235)	—	(235)
At 31 March 2010	—	(1,250)	40,513	39,263	2,739	42,002
Exchange differences arising on translation	—	5,068	—	5,068	132	5,200
Profit for the year	—	—	20,251	20,251	520	20,771
Total comprehensive income for the year	—	5,068	20,251	25,319	652	25,971
At 31 March 2011	—	3,818	60,764	64,582	3,391	67,973
Exchange differences arising on translation	—	(703)	—	(703)	(18)	(721)
Profit for the year	—	—	36,839	36,839	945	37,784
Total comprehensive (expense) income for the year	—	(703)	36,839	36,136	927	37,063
At 31 March 2012	—	3,115	97,603	100,718	4,318	105,036
Exchange differences arising on translation	—	793	—	793	21	814
Profit for the period	—	—	3,868	3,868	99	3,967
Total comprehensive income for the period	—	793	3,868	4,661	120	4,781
At 30 September 2012	—	3,908	101,471	105,379	4,438	109,817
At 1 April 2011	—	3,818	60,764	64,582	3,391	67,973
Exchange differences arising on translation	—	(3,628)	—	(3,628)	(93)	(3,721)
Profit for the period	—	—	9,809	9,809	252	10,061
Total comprehensive (expense) income for the period	—	(3,628)	9,809	6,181	159	6,340
At 30 September 2011	—	190	70,573	70,763	3,550	74,313

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For each of the three years ended 31 March 2012 and the six months ended 30 September 2012

	Year ended 31 March			Six months ended 30 September	
	2010	2011	2012	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES					
Profit before tax	30,714	27,116	43,415	13,262	4,963
Adjustment for:					
Interest income	(421)	(292)	(388)	(165)	(119)
Finance costs	1,551	1,141	875	442	323
Loss (gain) on disposal of property, plant and equipment	93	(106)	(48)	—	(1)
Depreciation of property, plant and equipment	2,650	3,234	3,649	1,902	1,952
(Reversal of allowance) allowance for bad and doubtful debts	(39)	(92)	236	1,534	1,313
Operating cash flows before movements in working capital	34,548	31,001	47,739	16,975	8,431
(Increase) decrease in inventories	(195)	(79)	(2,717)	(3,834)	634
(Increase) decrease in trade and other receivables	(1,528)	(5,584)	100	(3,345)	(1,808)
Increase (decrease) in trade and other payables	376	18,881	(19,590)	(879)	4,875
Increase in retirement benefits obligations	1,088	1,257	718	61	864
Net cash from (used in) operations	34,289	45,476	26,250	8,978	12,996
Income tax paid	(9,124)	(3,097)	(8,028)	(4,478)	(2,278)
NET CASH FROM OPERATING ACTIVITIES	25,165	42,379	18,222	4,500	10,718
INVESTING ACTIVITIES					
Proceeds on disposal of property, plant and equipment	14	112	227	—	4
Purchase of property, plant and equipment	(1,203)	(4,548)	(1,724)	(481)	(1,748)
Repayment from (advance to) ultimate holding company	13	1,388	(1,370)	(1,374)	5
Repayment from (advance to) fellow subsidiaries	1	(25)	(4)	12	(90)
Interest received	421	292	388	165	119
NET CASH USED IN INVESTING ACTIVITIES	(754)	(2,781)	(2,483)	(1,678)	(1,710)

	Year ended 31 March			Six months ended 30 September	
	2010	2011	2012	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
FINANCING ACTIVITIES					
Acquisition of additional interest in a subsidiary	(235)	—	—	—	—
New Borrowings raised	—	38,125	—	—	—
Repayment of bank borrowings	(14,657)	(53,028)	(7,825)	(5,005)	(3,626)
Advance from (repayment to) fellow subsidiaries	21,349	(78,587)	2,728	605	266
Repayment to immediate holding company	(16,377)	—	—	—	—
Interest paid	(1,551)	(1,141)	(875)	(442)	(323)
NET CASH USED IN FINANCING ACTIVITIES	(11,471)	(94,631)	(5,972)	(4,842)	(3,683)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,940	(55,033)	9,767	(2,020)	5,325
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	78,533	96,841	49,987	49,987	59,425
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	5,368	8,179	(329)	1,165	362
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	96,841	49,987	59,425	49,132	65,112

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

For each of the three years ended 31 March 2012 and the six months ended 30 September 2012

1. GENERAL

On 27 November 2012, Database Gateway Limited ("DGL"), a wholly owned subsidiary of Next Media Limited ("Next Media"), Next Media and various purchasers (the "Purchasers") entered into a sale and purchase agreement pursuant to which DGL has conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase the entire equity interest in Ideal Vegas Limited ("Ideal Vegas") (the "Transaction").

2. BASIS OF PRESENTATION OF THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

The unaudited consolidated financial information of the Company and its subsidiaries (the "Ideal Vegas Group") has been prepared in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and is solely for the purpose of inclusion in the circular to be issued by Next Media in connection with the Transaction.

The amounts included in the unaudited consolidated financial information for each of the three years ended 31 March 2012 and the six months ended 30 September 2012 have been recognised and measured in accordance with the relevant accounting policies adopted by Next Media in the preparation of the consolidated financial statements or condensed consolidated financial statements of Next Media for the respective years and period.

The unaudited consolidated financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" nor an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

C. REPORT ON REVIEW OF UNAUDITED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NEXT TV

(incorporated in Taiwan with limited liability)

Deloitte.
德勤

Introduction

We have reviewed the unaudited financial information set out on pages 67 to 72, which comprises the unaudited statements of financial position of 壹傳媒電視廣播股份有限公司 (Next TV Broadcasting Limited) ("Next TV") as of 31 March 2010, 2011, 2012 and 30 September 2012, and the related unaudited statements of comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows for the period from 7 July 2009 (date of incorporation) to 31 March 2010, each of the two years ended 31 March 2012 and the six months ended 30 September 2012 (the "Relevant Periods") and explanatory notes (the "Unaudited Financial Information"). The Unaudited Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Next Media Limited ("Next Media") in connection with Next TV in accordance with Rule 14.68(2)(a)(i) of of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of Next Media are responsible for the preparation and presentation of the Unaudited Financial Information of Next TV in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibility is to express a conclusion on the Unaudited Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", which applies to a review of historical financial information performed by the independent auditor of the entity issued by the HKICPA. A review of Unaudited Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Financial Information of Next TV for the Relevant Periods is not prepared, in all material respects, in accordance with the accounting policies consistent with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Without qualifying our conclusion, we draw attention to note 2 to the unaudited financial information which indicates that Next TV incurred a loss of approximately HK$399,491,000 for the six months ended 30 September 2012 and as at that date, Next TV's current liabilities exceeded its current assets by approximately HK$1,744,310,000 and Next TV has net liabilities of approximately HK$1,269,582,000. The ability of Next TV to continue as a going concern is dependent on the ongoing financial support of Next Media or the Purchasers (as defined in note 1 to the financial information), as the case may be. If this financial support was not available to Next TV, it would constitute a material uncertainty which may cast significant doubt about Next TV's ability to continue as going concern.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 January 2013

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

For the period from 7 July 2009 (date of incorporation) to 31 March 2010, each of the two years ended 31 March 2012 and the six months ended 30 September 2012

	Period from 7 July 2009 (date of incorporation) to 31 March	Year ended 31 March		Six months ended 30 September	
	2010	2011	2012	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	—	3,568	13,940	4,274	9,367
Production costs	(38,401)	(192,800)	(320,972)	(142,822)	(131,355)
Personnel costs excluding direct production staff costs	(7,841)	(62,952)	(69,681)	(40,442)	(33,882)
Other income	137	991	9,420	1,315	4,678
Depreciation of property, plant and equipment	(1,146)	(24,417)	(62,424)	(26,821)	(42,149)
Other expenses	(22,032)	(44,427)	(40,677)	(30,229)	(23,143)
Impairment loss recognised in respect of property, plant and equipment	—	—	(46,666)	—	(144,638)
Impairment loss recognised in respect of programmes and film rights	—	—	(22,670)	—	(35,303)
Finance costs	—	—	(3,643)	(781)	(3,066)
Loss before tax	(69,283)	(320,037)	(543,373)	(235,506)	(399,491)
Income tax expense	—	—	—	—	—
Loss for the period/year	(69,283)	(320,037)	(543,373)	(235,506)	(399,491)
Other comprehensive income (expense)					
Exchange differences arising on translation	7,355	45,409	(6,416)	(25,679)	3,549
Total comprehensive expense for period/year	(61,928)	(274,628)	(549,789)	(261,185)	(395,942)

UNAUDITED STATEMENTS OF FINANCIAL POSITION

At 31 March 2010, 2011, 2012 and 30 September 2012

	As at 31 March			As at 30 September
	2010	2011	2012	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	492,169	702,159	770,347	595,454
Deposit for acquisition of property, plant and equipment	—	—	1,914	2,617
Programmes and film rights	—	38,992	132,434	130,251
Investment in a subsidiary	—	—	—	—
	492,169	741,151	904,695	728,322
CURRENT ASSETS				
Trade and other receivables	25,982	54,378	60,082	59,213
Amounts due from fellow subsidiaries	—	—	1,868	402
Amounts due from a subsidiary	—	—	1,333	1,544
Bank balances and cash	58,509	29,453	39,536	19,656
	84,491	83,831	102,819	80,815
CURRENT LIABILITIES				
Trade and other payables	900	33,072	38,417	39,747
Accrued expenses	46,134	57,670	44,981	30,970
Amounts due to fellow subsidiaries	579,495	1,058,142	1,533,684	1,742,878
Amounts due to related companies	—	—	1,053	504
Borrowings	—	—	—	11,026
	626,529	1,148,884	1,618,135	1,825,125
NET CURRENT LIABILITIES	(542,038)	(1,065,053)	(1,515,316)	(1,744,310)
TOTAL ASSETS LESS CURRENT LIABILITIES	(49,869)	(323,902)	(610,621)	(1,015,988)
NON-CURRENT LIABILITIES				
Borrowings	—	—	263,019	253,594
NET LIABILITIES	(49,869)	(323,902)	(873,640)	(1,269,582)
CAPITAL AND RESERVES				
Share capital	12,059	12,059	12,059	12,059
Reserves	(61,928)	(335,961)	(885,699)	(1,281,641)
TOTAL EQUITY	(49,869)	(323,902)	(873,640)	(1,269,582)

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

For the period from 7 July 2009 (date of incorporation) to 31 March 2010, each of the two years ended 31 March 2012 and the six months ended 30 September 2012

	Attributable to owners of the Company				
	Share capital	Share-based payment reserve	Translation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 7 July 2009 (date of incorporation)	—	—	—	—	—
Exchange differences arising on translation	—	—	7,355	—	7,355
Loss for the period	—	—	—	(69,283)	(69,283)
Total comprehensive income (expense) for the period	—	—	7,355	(69,283)	(61,928)
Issue of shares	12,059	—	—	—	12,059
At 31 March 2010	12,059	—	7,355	(69,283)	(49,869)
Exchange differences arising on translation	—	6	45,403	—	45,409
Loss for the year	—	—	—	(320,037)	(320,037)
Total comprehensive income (expense) for the year	—	6	45,403	(320,037)	(274,628)
Recognition of equity-settled share-based payments	—	595	—	—	595
At 31 March 2011	12,059	601	52,758	(389,320)	(323,902)
Exchange differences arising on translation	—	—	(6,416)	—	(6,416)
Loss for the year	—	—	—	(543,373)	(543,373)
Total comprehensive expense for the year	—	—	(6,416)	(543,373)	(549,789)
Recognition of equity-settled share-based payments	—	51	—	—	51
At 31 March 2012	12,059	652	46,342	(932,693)	(873,640)
Exchange differences arising on translation	—	(51)	3,600	—	3,549
Loss for the period	—	—	—	(399,491)	(399,491)
Total comprehensive income (expense) for the period	—	(51)	3,600	(399,491)	(395,942)
At 30 September 2012	12,059	601	49,942	(1,332,184)	(1,269,582)
At 1 April 2011	12,059	601	52,758	(389,320)	(323,902)
Exchange differences arising on translation	—	(6)	(25,673)	—	(25,679)
Loss for the period	—	—	—	(235,506)	(235,506)
Total comprehensive expense for the period	—	(6)	(25,673)	(235,506)	(261,185)
At 30 September 2011	12,059	595	27,085	(624,826)	(585,087)

UNAUDITED STATEMENTS OF CASH FLOWS

For the period from 7 July 2009 (date of incorporation) to 31 March 2010, each of the two years ended 31 March 2012 and the six months ended 30 September 2012

	Period from 7 July 2009 (date of incorporation) to 31 March 2010	Year ended 31 March 2011	Year ended 31 March 2012	Six months ended 30 September 2011	Six months ended 30 September 2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES					
Loss before tax	(69,283)	(320,037)	(543,373)	(235,506)	(399,491)
Adjustment for:					
Finance costs	—	—	3,643	781	3,066
Interest income	(33)	(34)	(154)	(105)	(32)
Allowance for bad and doubtful debts	—	—	—	—	106
Share-based payment expense	—	595	51	—	—
Depreciation of property, plant and equipment	1,146	24,417	62,424	26,821	42,149
Impairment loss recognised in respect of property, plant and equipment	—	—	46,666	—	144,638
Loss on disposal of property, plant and equipment	16	48	716	344	101
Impairment loss in respect of programmes and film rights	—	—	22,670	—	35,303
Operating cash flows before movements in working capital	(68,154)	(295,011)	(407,357)	(207,665)	(174,160)
Increase in programmes and film rights	—	(38,992)	(116,368)	(81,271)	(32,314)
(Increase) decrease in trade and other receivables	(25,981)	(28,396)	(7,976)	13,847	438
Increase (decrease) in trade and other payables	21,075	40,104	9,041	(12,514)	(1,918)
NET CASH USED IN OPERATING ACTIVITIES	(73,060)	(322,295)	(522,660)	(287,603)	(207,954)
INVESTING ACTIVITIES					
Interest received	33	34	154	105	32
Proceeds from disposal of property, plant and equipment	—	11	135	—	131
(Advance to) repayment from fellow subsidiaries	—	—	(1,942)	—	2,149
Advance to subsidiaries	—	—	(1,333)	—	(211)
Purchase of property, plant and equipment	(407,576)	(189,708)	(198,732)	(110,875)	(19,452)
NET CASH USED IN INVESTING ACTIVITIES	(407,543)	(189,663)	(201,718)	(110,770)	(17,351)

	Period from 7 July 2009 (date of incorporation) to 31 March	Year ended 31 March		Six months ended 30 September	
	2010	2011	2012	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
FINANCING ACTIVITIES					
Issue of shares	12,059	—	—	—	—
Advance from fellow subsidiaries	527,053	477,960	474,226	255,945	208,799
Advance from (repayment to) related parties	—	—	1,053	—	(549)
New borrowings raised	—	—	263,019	153,335	—
Interest paid	—	—	(3,643)	(781)	(3,066)
NET CASH FROM FINANCING ACTIVITIES	539,112	477,960	734,655	408,499	205,184
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	58,509	(33,998)	10,277	10,126	(20,121)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	—	58,509	29,453	29,453	39,536
EFFECT OF CHANGES IN EXCHANGE RATES	—	4,942	(194)	(1,024)	241
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	58,509	29,453	39,536	38,555	19,656

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

For the period from 7 July 2009 (date of incorporation) to 31 March 2010, each of the two years ended 31 March 2012 and the six months ended 30 September 2012

1. GENERAL

On 27 November 2012, Max Growth B.V. ("Max Growth") and Next Media Broadcasting Limited ("NMBL"), wholly owned subsidiaries of Next Media Limited ("Next Media"), Next Media and various purchasers (the "Purchasers") entered into a sale and purchase agreement pursuant to which Max Growth and NMBL have conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase the entire equity interest in 壹傳媒電視廣播股份有限公司 (Next TV Broadcasting Limited) ("Next TV") (the "Transaction").

2. BASIS OF PRESENTATION OF THE UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of Next TV has been prepared in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and is solely for the purpose of inclusion in the circular to be issued by Next Media in connection with the Transaction.

The amounts included in the unaudited financial information for the period from 7 July 2009 (date of incorporation) to 31 March 2010, each of the two years ended 31 March 2012 and the six months ended 30 September 2012 have been recognised and measured in accordance with the relevant accounting policies adopted by Next Media in the preparation of the consolidated financial statements or condensed consolidated financial statements of Next Media for the respective years and periods.

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" nor an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

In preparing the unaudited financial information of Next TV, the directors of Next TV have given careful consideration to the future liquidity and going concern of Next TV in light of the fact that Next TV's current liabilities exceeded its current assets by approximately HK$1,744,310,000 as at 30 September 2012 and its net liabilities of approximately HK$1,269,582,000 as at 30 September 2012. The directors of Next TV are satisfied that Next TV will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future, after taking into consideration that (i) Next Media has agreed to repay the borrowings of approximately HK$264,620,000 for Next TV upon completion of the Transaction; (ii) Next Media has agreed to waive the current accounts in respect of the amounts due to related companies of approximately HK$504,000 and amounts due to fellow subsidiaries of approximately HK$1,742,878,000 upon completion of the Transaction; and (iii) Next Media has agreed to provide adequate funds for Next TV to meet in full its financial obligations as and when they fall due in the foreseeable future until the Transaction is completed. In addition, the directors of Next TV are of the opinion that, on completion of the Transaction the Purchasers will provide adequate funds for Next TV to meet in full its financial obligations as and when they fall due in the foreseeable future.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF NEXT MEDIA LIMITED

We report on the unaudited pro forma financial information of Next Media Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the disposal of Amazing Sino International Limited, Ideal Vegas Limited and 壹傳媒電視廣播股份有限公司 (Next TV Broadcasting Limited) might have affected the financial information presented, for inclusion in Appendix III to the circular dated 25 January 2013 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on pages 75 to 93 of the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Group as at 30 September 2012 or any future date; or
- the results and cash flows of the Group for the year ended 31 March 2012 or any future period.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 January 2013

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

On 27 November 2012, Database Gateway Limited ("DGL"), a wholly owned subsidiary of Next Media Limited ("Next Media"), Next Media and various purchasers (the "Purchasers (Print)") entered into a sale and purchase agreement (the "Print Sale and Purchase Agreement") pursuant to which DGL has conditionally agreed to sell, and the Purchasers (Print) have conditionally agreed to purchase the entire equity interest in Amazing Sino International Limited ("Amazing Sino") and Ideal Vegas Limited ("Ideal Vegas") (the "Print Disposal"). Amazing Sino and Ideal Vegas together with their respective subsidiaries are collectively referred to as the "Print Disposal Group" whereas the Group excluding the Print Disposal Group is collectively referred to as the "Remaining Group Less Print".

Under the Print Sale and Purchase Agreement, the total consideration for the disposal of the entire issued share capital of Amazing Sino and Ideal Vegas is NT$16,000 million (equivalent to approximately HK$4,233,924,000). As at the Latest Practicable Date, Amazing Sino and Ideal Vegas had 94.9% and 97.5% respectively of the equity interest of their respective major operating subsidiaries. DGL is required to undertake a restructuring such that these operating subsidiaries become wholly owned by Amazing Sino and Ideal Vegas before completion of the Print Disposal.

Before completion of the Print Disposal, DGL will (i) settle certain outstanding indebtedness of the Print Disposal Group ("Indebtedness"), (ii) waive all intercompany balances with the Print Disposal Group, and (iii) procure a member of the Group to acquire the office buildings and studio from the Print Disposal Group ("Land and Buildings").

Also on 27 November 2012, Max Growth B.V. ("Max Growth") and Next Media Broadcasting Limited ("NMBL"), wholly owned subsidiaries of Next Media, Next Media and various purchasers (the "Purchasers (TV)") entered into a sale and purchase agreement (the "TV Sale and Purchase Agreement") pursuant to which Max Growth and NMBL have conditionally agreed to sell, and the Purchasers (TV) have conditionally agreed to purchase the entire equity interest in 壹傳媒電視廣播股份有限公司 Next TV Broadcasting Limited ("Next TV") (the "TV Disposal"). Next TV is referred to as the "TV Disposal Group" whereas the Remaining Group Less Print excluding the TV Disposal Group is collectively referred to as the "Remaining Group".

Under the TV Sales and Purchase Agreement, the total consideration for the disposal of the entire issued share capital of Next TV is NT$1,500 million (equivalent to approximately HK$396,930,000). Max Growth and NMBL will (i) settle certain outstanding indebtedness of Next TV ("TV Indebtedness"), (ii) waive or capitalise all intercompany balances with Next TV, (iii) procure a member of the Group to acquire the office buildings and studio from Next TV ("TV Land and Buildings").

Completion of the TV Sale and Purchase Agreement is conditional on fulfillment of all the conditions precedent under, and completion of, the Print Sale and Purchase Agreement, but completion of the Print Sale and Purchase Agreement is not conditional on the completion of the TV Sale and Purchase Agreement. It is therefore possible that the Print Sale and Purchase Agreement will complete without completion of the TV Sale and Purchase Agreement.

The pro forma financial information presented below is prepared to illustrate (a) the financial position of the Remaining Group Less Print and the Remaining Group under two scenarios: as if only the Print Disposal had been completed on 30 September 2012 and as if both the Print Disposal and TV Disposal had been completed on 30 September 2012; and (b) the results and cash flows of the Remaining Group Less Print and Remaining Group under two scenarios: as if only the Print Disposal had been completed on 1 April 2011 and both the Print Disposal and TV Disposal had been completed on 1 April 2011. The pro forma financial information has been prepared for illustrative purpose only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Remaining Group Less Print and the Remaining Group as at 30 September 2012 or at any future date had the Print Disposal or the Print Disposal and TV Disposal been completed on 30 September 2012 or the results and cash flows of the Group for the year ended 31 March 2012 or for any future period had the Print Disposal or Print Disposal and TV Disposal been completed on 1 April 2011.

The pro forma financial information is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2012 extracted from the published interim report of the Company for the six months ended 30 September 2012; the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2012 extracted from the published 2011/2012 annual report of the Company; and the unaudited consolidated financial information of Amazing Sino and Ideal Vegas and the unaudited financial information of Next TV set out in Appendix II to this circular, and is prepared in accordance with Rules 4.29 of the Main Board Listing Rules.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	The Group	Pro forma adjustments					The Remaining Group Less Print	Pro forma adjustments				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*		*(Note 6)*	*(Note 7)*	*(Note 8)*	*(Note 9)*	
Continuing operations												
Revenue	3,634,553	(246,001)	(1,306,509)		25,789		2,107,832	(13,940)		33,837		2,127,729
Production costs	(2,958,906)	153,954	829,820		(32,599)		(2,007,731)	320,972		(33,837)		(1,720,596)
Personnel costs excluding direct production staff costs	(585,120)	36,741	158,775		(4,969)		(394,573)	69,681				(324,892)
Other income	76,971	(785)	(40,005)		11,779	13,242	61,202	(9,420)			6,239	58,021
Depreciation of property, plant and equipment	(295,588)	3,649	49,629				(242,310)	62,424				(179,886)
Depreciation of investment properties	—	—	—			(2,481)	(2,481)	—			(8,486)	(10,967)
Release of prepaid lease payments	(1,797)	—	—				(1,797)	—				(1,797)
Other expenses	(421,964)	8,152	79,329				(334,483)	40,677				(293,806)
Impairment loss recognised in respect of property, plant and equipment	(112,214)	—	—				(112,214)	46,666				(65,548)
Impairment loss recognised in respect of goodwill	(9,889)	—	—				(9,889)	—				(9,889)
Impairment loss recognised in respect of interests in associates	(105,505)	—	—				(105,505)	—				(105,505)
Impairment loss recognised in respect of unlisted convertible note	(7,800)	—	—				(7,800)	—				(7,800)
Impairment loss recognised in respect of programmes and film rights	(38,474)	—	—				(38,474)	22,670				(15,804)
Finance costs	(22,807)	875	4,023				(17,909)	3,643				(14,266)
Share of results of associates	(9,202)	—	—				(9,202)	—				(9,202)
Share of results of a jointly controlled entity	(1,172)	—	—				(1,172)	—				(1,172)
Loss before tax	(858,914)	(43,415)	(224,938)				(1,116,506)	543,373				(575,380)
Income tax expense	(106,281)	5,631	27,419			(2,251)	(75,482)	—			(1,061)	(76,543)
Loss for the year from continuing operations	(965,195)	(37,784)	(197,519)			8,510	(1,191,988)	543,373			(3,308)	(651,923)
Discontinued operations												
Profit for the year from discontinued operations	784,378	—	—	2,384,545			3,168,923	—	(415,335)			2,753,588
(Loss) profit for the year	(180,817)	(37,784)	(197,519)				1,976,935	543,373				2,101,665
Other comprehensive expense												
Exchange differences arising on translation	(42,351)	721	20,825				(20,805)	6,416				(14,389)
Total comprehensive (expense) income for the year	(223,168)	(37,063)	(176,694)				1,956,130	549,789				2,087,276
(Loss) profit for the year attributable to:												
Owners of the Company												
— Loss for the year from continuing operations	(973,009)	(36,839)	(190,371)			8,510	(1,191,709)	543,373			(3,308)	(651,644)
— Profit for the year from discontinued operations	784,378	—	—	2,384,545			3,168,923	—	(415,335)			2,753,588
	(188,631)	(36,839)	(190,371)				1,977,214	543,373				2,101,944
Non-controlling interests												
— Profit (loss) for the year from continuing operations	7,814	(945)	(7,148)				(279)	—				(279)
	(180,817)	(37,784)	(197,519)				1,976,935	543,373				2,101,665
Total comprehensive (expense) income attributable to:												
Owners of the Company	(231,310)	(36,136)	(169,203)	2,384,545		8,510	1,956,406	549,789	(415,335)		(3,308)	2,087,552
Non-controlling interests	8,142	(927)	(7,491)				(276)	—				(276)
	(223,168)	(37,063)	(176,694)				1,956,130	549,789				2,087,276

Notes:

1. Adjustments to reflect the exclusion of the results of Ideal Vegas and its subsidiaries for the year ended 31 March 2012, assuming that the Print Disposal had taken place on 1 April 2011.

2. Adjustments to reflect the exclusion of the results of Amazing Sino and its subsidiaries for the year ended 31 March 2012, assuming that the Print Disposal had taken place on 1 April 2011.

3. Adjustments to reflect the pro forma gain arising from the Print Disposal based on the gross proceeds from the Print Disposal of NT$16,000 million (equivalent to approximately HK$4,236,166,000 at the exchange rate of HK$1.00 = NT$3.777) less estimated transaction costs (mainly legal and professional fee of approximately HK$4,000,000), tax expense of approximately HK$847,233,000, settlement of Indebtedness of approximately HK$229,282,000 and bonus and pension payments adjustment of approximately HK$26,640,000 for the Print Disposal as presented below.

	Ideal Vegas	**Amazing Sino**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Gross proceeds from the Print Disposal			4,236,166
Bonus and pension payments to certain staff to be adjusted from gross consideration			(26,640)
Gross proceeds after adjustment *(Note a)*			4,209,526
Net assets (liabilities) of the Print Disposal Group as at 1 April 2011	67,973	(148,595)	(80,622)
Less: Waive of amounts due from the Remaining Group Less Print as at 1 April 2011 *(Note b)*	(26)	(172)	(198)
Add: Waive of amounts due to the Remaining Group Less Print as at 1 April 2011 *(Note b)*	24,190	831,648	855,838
Indebtedness as at 1 April 2011 to be settled by DGL *(Note c)*	38,125	191,157	229,282
Adjusted net assets value disposed of as at 1 April 2011	130,262	874,038	1,004,300
			3,205,226
Add: Release of translation reserve attributable to the Print Disposal Group as at 1 April 2011	3,818	26,734	30,552
Gain from the Print Disposal before transaction costs and tax expense			3,235,778
Less: Transaction costs			(4,000)
Gain from the Print Disposal before tax expense			3,231,778
Less: Tax expense *(Note d)*			(847,233)
Gain from the Print Disposal			2,384,545

Note a: Pursuant to the Print Sale and Purchase Agreement, there will be a restructuring which involves all non-wholly owned subsidiaries of Amazing Sino and Ideal Vegas becoming wholly-owned by Amazing Sino and Ideal Vegas. The consideration for 100% of interest of the Print Disposal Group after restructuring is approximately HK$4,236,166,000 and it is subject to the following adjustments:

(i) if the net assets value of the Print Disposal Group as at completion is less than NT$2,865 million (equivalent to approximately HK$764,000,000), the total consideration under the Print Sale and Purchase Agreement shall be adjusted downwards on a dollar-to-dollar basis in respect of such difference;

(ii) to deduct any tax payable (if any) as a result of the transactions contemplated under the Print Sale and Purchase Agreement which has not been determined as at the Latest Practicable Date;

(iii) to deduct any receivables (the "Print Receivables") of the Print Disposal Group owed by any parties that were incurred prior to completion of the Print Sale and Purchase Agreement but remain unpaid after 120 days after completion of the Print Sale and Purchase Agreement up to an agreed amount of NT$270 million (equivalent to approximately HK$72,000,000) (the "Print Receivables Reference Amount"). If the amount of the Print Receivables exceeds the Print Receivables Reference Amount, the Purchasers (Print) are entitled to request DGL to compensate for such shortfall. If the Print Disposal Group receives any Print Receivables after the adjustments are made, the Purchasers (Print) agree to return such receivables to DGL; and

(iv) to deduct bonus and pension payment of a maximum amount of approximately NT$100 million (equivalent to approximately HK$26,640,000) to certain staff of the Print Disposal Group.

In respect with the above adjustments, the management considers that the net assets value of the Print Disposal Group as at completion will be higher than NT$2,865 million (equivalent to approximately HK$764,000,000), the Print Receivables will be recovered in full within 120 days after completion and all the foreseeable tax expenses regarding the Print Disposal is recognised in Note d below. Accordingly, the gross proceeds from the Print Disposal are only adjusted for the bonus and pension payments amounting to approximately HK$26,640,000.

Note b: Pursuant to the Print Sale and Purchase Agreement, all balances of the Group as of the completion date with the Print Disposal Group are waived.

Note c: Indebtedness represents bank borrowing as of the completion date settled by the Group before completion of the Print Disposal.

Note d: Tax expense is determined by the management which is the estimated maximum tax exposure resulting from the Print Disposal.

4. Adjustments to reflect the elimination of the intercompany transactions between the Remaining Group Less Print and the Print Disposal Group for the year ended 31 March 2012.

5. Adjustments to reflect the rental income to be received from the Land and Buildings which have been acquired from the Print Disposal Group as required prior to completion of Print Disposal and then leased back to the Print Disposal Group, the related tax expense arising from the lease and the related depreciation charge of the Land and Buildings. The signed tenancy agreements in respect of the lease of

Land and Buildings have an initial term of 3 years commencing from completion of the Print Sale and Purchase Agreement and the annual rental in respect of such lease is approximately HK$13,242,000 and the tax expense is calculated at 17% (Taiwan corporate tax rate) of the lease income.

The management considers that the Land and Buildings acquired meet the definition of investment properties in accordance with Hong Kong Accounting Standard 40 "Investment Property" and therefore they are classified as investment properties. The Land and Buildings are initially measured at cost. Subsequent to initial recognition, the Land and Buildings are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of the Land and Buildings over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The management estimates that the depreciation charge in respect of the Land and Buildings is approximately HK$2,481,000 for the year ended 31 March 2012.

6. Adjustments to reflect the exclusion of the results of Next TV for the year ended 31 March 2012, assuming that the TV Disposal had taken place on 1 April 2011.

7. Adjustments to reflect the pro forma loss arising from the TV Disposal based on the gross proceeds from the TV Disposal of NT$1,500 million (equivalent to approximately HK$397,141,000 at the exchange rate of HK$1.00 = NT$3.777) less estimated transaction costs (mainly legal and professional fee of approximately HK$3,500,000), tax expense of approximately HK$79,428,000 and bonus and pension payments adjustment of approximately HK$11,000,000 and expense payment in respect of previous contract of approximately HK$37,066,000 for the TV Disposal as presented below.

	Total
	HK$'000
Gross proceeds from the TV Disposal	397,141
Bonus and pension payments to certain staff to be adjusted from gross consideration	(11,000)
Gross proceeds after adjustment *(Note a)*	386,141
Net liabilities of Next TV as at 1 April 2011	(323,902)
Add: Waive of amounts due to the Remaining Group as at 1 April 2011 *(Note b)*	1,058,142
Adjusted net assets value disposed of as at 1 April 2011	734,240
	(348,099)
Add: Release of translation reserve attributable to the TV Disposal Group as at 1 April 2011	52,758
Loss from the TV Disposal before transaction costs and tax expense	(295,341)
Less: Transaction costs	(3,500)
Loss from the TV Disposal before tax expense	(298,841)
Less: Tax expense *(Note c)*	(79,428)
Loss from the TV Disposal	(378,269)
Less: Expense payment	(37,066)
Net loss arising on the TV Disposal	(415,335)

Note a: Pursuant to the TV Sale and Purchase Agreement, the consideration for 100% of interest of the TV Disposal Group is approximately HK$397,141,000 and it is subject to the following adjustments:

(i) if the net assets value of the TV Disposal Group as at completion is less than NT$2,273 million (equivalent to approximately HK$606,000,000), the total consideration under the TV Sale and Purchase Agreement shall be adjusted downwards on a dollar-to-dollar basis in respect of such difference;

(ii) to deduct any tax payable (if any) as a result of the transactions contemplated under the TV Sale and Purchase Agreement which has not been determined as at the Latest Practicable Date;

(iii) to deduct any receivables (the "TV Receivables") of the TV Disposal Group owed by any parties that were incurred prior to completion of the TV Sale and Purchase Agreement but remain unpaid after 120 days after completion of the TV Sale and Purchase Agreement up to an agreed amount of NT$36 million (equivalent to approximately HK$10,000,000) (the "TV Receivables Reference Amount"). If the amount of the TV Receivables exceeds the TV Receivables Reference Amount, the Purchasers (TV) are entitled to request Max Growth and NMBL to compensate for such shortfall. If the TV Disposal Group receives any TV Receivables after the adjustments are made, the Purchasers (TV) agree to return such receivables to Max Growth and NMBL; and

(iv) to deduct bonus and pension payment of a maximum amount of approximately NT$42 million (equivalent to approximately HK$11,000,000) to certain staff of the TV Disposal Group.

In respect with the above adjustments, the management considers that the net assets value of the TV Disposal Group as at completion will be higher than NT$2,273 million (equivalent to approximately HK$606,000,000), the TV Receivables will be recovered in full within 120 days after completion and all the foreseeable tax expenses regarding the TV Disposal is recognised in Note c below. Accordingly, the gross proceeds from the TV Disposal are only adjusted for the bonus and pension payments amounting to approximately HK$11,000,000.

Note b: Pursuant to the TV Sale and Purchase Agreement, all balances of the Group as of the completion date with the TV Disposal Group are waived.

Note c: Tax expense is determined by the management which is the estimated maximum tax exposure resulting from the TV Disposal.

8. Adjustments to reflect the elimination of the intercompany transactions between the Remaining Group and Next TV for the year ended 31 March 2012.

9. Adjustments to reflect the rental income to be received from the TV Land and Buildings which have been acquired from the TV Disposal Group as required prior to completion of the TV Disposal and then leased back to the TV Disposal Group, the related tax expense arising from the lease and the related depreciation charge of the TV Land and Buildings. The signed tenancy agreements in respect of the lease of the TV Land and Buildings have an initial term of 3 years commencing from completion of the TV Sale and Purchase Agreement and the annual rental in respect of such lease is approximately HK$6,239,000 and the tax expense is calculated at 17% (Taiwan corporate tax rate) of the lease income.

The management considers that the TV Land and Buildings acquired meet the definition of investment properties in accordance with Hong Kong Accounting Standard 40 "Investment Property" and therefore they are classified as investment properties. The TV Land and Buildings are initially measured at cost. Subsequent to initial recognition, the TV Land and Buildings are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of the TV Land and Buildings over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The management estimates that the depreciation charge in respect of the TV Land and Buildings is approximately HK$8,486,000 for the year ended 31 March 2012.

The above pro forma adjustments except for the rental income adjustment mentioned in Notes 5 and 9 will have no continuing effect on the Remaining Group Less Print and the Remaining Group in subsequent reporting periods.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	The Group	Pro forma adjustments						The Remaining Group Less Print	Pro forma adjustments				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*		*(Note 7)*	*(Note 8)*	*(Note 9)*	*(Note 10)*	
NON-CURRENT ASSETS													
Investment properties	—	—	—				210,517	210,517	—			299,345	509,862
Intangible assets	1,300,881	—	—					1,300,881	—				1,300,881
Property, plant and equipment	1,729,720	(105,236)	(535,403)					1,089,081	(595,454)				493,627
Prepaid lease payments	60,656	—	—					60,656	—				60,656
Deposit for acquisition of property, plant and equipment	7,351	—	—					7,351	(2,617)				4,734
Programmes and film rights	130,251	—	—					130,251	(130,251)				—
Interests in associates	—	—	—					—	—				—
Loans to associates	44,727	—	—					44,727	—				44,727
Restricted bank balances	—	—	—		211,696			211,696	—		19,847		231,543
	3,273,586	(105,236)	(535,403)					3,055,160	(728,322)				2,646,030
CURRENT ASSETS													
Inventories	235,178	(7,964)	(95,404)					131,810	—				131,810
Trade and other receivables	697,637	(34,605)	(255,505)					407,527	(59,213)				348,314
Amounts due from the Remaining Group	—	(140)	(1,695)	1,835				—	(1,946)	1,946			—
Prepaid lease payments	1,797	—	—					1,797	—				1,797
Tax recoverable	85	—	—					85	—				85
Restricted bank balances	5,411	—	—		415,454			420,865	—		155,067		575,932
Bank balances and cash	247,360	(65,112)	(29,209)	3,196,101	(627,150)	(125,736)	(210,517)	2,385,737	(19,656)	1,377	(174,914)	(299,345)	1,893,199
	1,187,468	(107,821)	(381,813)					3,347,821	(80,815)				2,951,137
CURRENT LIABILITIES													
Trade and other payables	795,488	(39,263)	(145,210)					611,015	(70,717)				540,298
Amounts due to associates	1,544	—	—					1,544	—				1,544
Borrowings	463,108	(7,621)	(38,211)					417,276	(11,026)				406,250
Amounts due to the Remaining Group	—	(25,714)	(515,550)	541,264				—	(1,743,382)	1,743,382			—
Tax liabilities	67,640	(960)	(24,526)					42,154	—				42,154
	1,327,780	(73,558)	(723,497)					1,071,989	(1,825,125)				990,246
NET CURRENT (LIABILITIES) ASSETS	(140,312)	(34,263)	341,684					2,275,832	1,744,310				1,960,891
TOTAL ASSETS LESS CURRENT LIABILITIES	3,133,274	(139,499)	(193,719)					5,330,992	1,015,988				4,606,921
NON-CURRENT LIABILITIES													
Borrowings	368,175	(19,053)	(95,528)					253,594	(253,594)				—
Retirement benefits plans	31,811	(10,629)	(21,014)					168	—				168
Deferred tax liabilities	285,465	—	(882)					284,583	—				284,583
	685,451	(29,682)	(117,424)					538,345	(253,594)				284,751
NET ASSETS	2,447,823	(109,817)	(76,295)					4,792,647	1,269,582				4,322,170
CAPITAL AND RESERVES													
Share capital	2,412,497	—	—					2,412,497	(12,059)	12,059			2,412,497
Reserves	18,697	(105,379)	(64,873)	2,656,672		(125,736)		2,379,381	1,281,641	(1,752,118)			1,908,904
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	2,431,194	(105,379)	(64,873)					4,791,878	1,269,582				4,321,401
NON-CONTROLLING INTERESTS	16,629	(4,438)	(11,422)					769	—				769
TOTAL EQUITY	2,447,823	(109,817)	(76,295)					4,792,647	1,269,582				4,322,170

Notes:

1. Adjustments to reflect the exclusion of the assets and liabilities of Ideal Vegas and its subsidiaries as at 30 September 2012, assuming that the Print Disposal had taken place on 30 September 2012.

2. Adjustments to reflect the exclusion of the assets and liabilities of Amazing Sino and its subsidiaries as at 30 September 2012, assuming that the Print Disposal had taken place on 30 September 2012.

3. Adjustments to reflect the pro forma gain arising from the Print Disposal based on the estimated net proceeds from the Print Disposal of approximately HK$3,196,101,000, comprising consideration of NT$16,000 million (equivalent to approximately HK$4,233,924,000 at the exchange rate of HK$1.00 = NT$3.779) less estimated transaction costs (mainly legal and professional fee of approximately HK$4,000,000), tax expense of approximately HK$846,785,000, settlement of Indebtedness of approximately HK$160,413,000 and bonus and pension payments adjustment of approximately HK$26,625,000 for the Print Disposal as presented below.

	Ideal Vegas *HK$'000*	**Amazing Sino** *HK$'000*	**Total** *HK$'000*
Gross proceeds from the Print Disposal			4,233,924
Bonus and pension payments to certain staff to be adjusted from gross consideration			(26,625)
Gross proceeds after adjustment *(Note a)*			4,207,299
Net assets of the Print Disposal Group as at 30 September 2012	109,817	76,295	186,112
Less: Waive of amounts due from the Remaining Group Less Print as at 30 September 2012 *(Note b)*	(140)	(1,695)	(1,835)
Add: Waive of amounts due to the Remaining Group Less Print as at 30 September 2012 *(Note b)*	25,714	515,550	541,264
Indebtedness as at 30 September 2012 settled by DGL *(Note c)*	26,674	133,739	160,413
Adjusted net asset values disposed of as at 30 September 2012	162,065	723,889	885,954
			3,321,345
Less: Release of translation reserve attributable to the Print Disposal Group as at 30 September 2012			(10,282)
Gain from the Print Disposal before transaction costs and tax expense			3,311,063
Less: Transaction costs			(4,000)
Gain from the Print Disposal before tax expense			3,307,063
Less: Tax expense *(Note d)*			(846,785)
Gain from the Print Disposal			2,460,278
The adjustment of reserves comprises of:			
Gain from the Print Disposal			2,460,278
Net assets of the Print Disposal Group as at 30 September 2012			186,112
Release of translation reserve attributable to the Print Disposal Group as at 30 September 2012			10,282
			2,656,672

Note a: Pursuant to the Print Sale and Purchase Agreement, there will be a restructuring which involves all non-wholly owned subsidiaries of Amazing Sino and Ideal Vegas becoming wholly-owned by Amazing Sino and Ideal Vegas. The consideration for 100% of interest of the Print Disposal Group after restructuring is approximately HK$4,233,924,000 and it is subject to the following adjustments:

(i) if the net assets value of the Print Disposal Group as at completion is less than NT$2,865 million (equivalent to approximately HK$764,000,000), the total consideration under the Print Sale and Purchase Agreement shall be adjusted downwards on a dollar-to-dollar basis in respect of such difference;

(ii) to deduct any tax payable (if any) as a result of the transactions contemplated under the Print Sale and Purchase Agreement which has not been determined as at the Latest Practicable Date;

(iii) to deduct the Print Receivables of the Print Disposal Group owed by any parties that were incurred prior to completion of the Print Sale and Purchase Agreement but remain unpaid after 120 days after completion of the Print Sale and Purchase Agreement up to an agreed amount of NT$270 million (equivalent to approximately HK$72,000,000) (the Print Receivables Reference Amount). If the amount of the Print Receivables exceeds the Print Receivables Reference Amount, the Purchasers (Print) are entitled to request DGL to compensate for such shortfall. If the Print Disposal Group receives any Print Receivables after the adjustments are made, the Purchasers (Print) agree to return such receivables to DGL; and

(iv) to deduct bonus and pension payment of a maximum amount of approximately NT$100 million (equivalent to approximately HK$26,625,000) to certain staff of the Print Disposal Group.

In respect with the above adjustments, the management considers that the net assets value of the Print Disposal Group as at completion will be higher than NT$2,865 million (equivalent to approximately HK$764,000,000), the Print Receivables will be recovered in full within 120 days after completion and all the foreseeable tax expenses regarding the Print Disposal is recognised in Note d below. Accordingly, the gross proceeds from the Print Disposal are only adjusted for the bonus and pension payments amounting to approximately HK$26,625,000.

Note b: Pursuant to the Print Sale and Purchase Agreement, all balances of the Group as of the completion date with the Print Disposal Group are waived.

Note c: Indebtedness represents bank borrowings as of the completion date settled by the Group before completion of the Print Disposal.

Note d: Tax expense is determined by the management which is the estimated maximum tax exposure resulting from the Print Disposal.

4. Adjustments to reflect the restricted bank balance for the consideration retention in accordance with the terms stated in the Print Sale and Purchase Agreement.

		Equivalent to
	NT$'000	*HK$'000*
Consideration retention		
— current	1,570,000	415,454
— non-current	800,000	211,696
	2,370,000	627,150

5. Adjustments to reflect the net payment for the acquisition of shares of subsidiaries of Amazing Sino and Ideal Vegas from non-controlling interest shareholders. The consideration for acquisition of non-controlling interests is estimated by the management with reference to the sales consideration from the Print Disposal.

6. Adjustments to reflect the acquisition of the Land and Buildings from the Print Disposal Group. Pursuant to the Print Sale and Purchase Agreement, the Land and Buildings have been acquired by the Group from the Print Disposal Group and would then be leased back to the Print Disposal Group. The Land and Buildings have been acquired at the market value and the management of the Company is of opinion that the gain on disposal arising from the disposal of the Land and Buildings will be distributed by the Print Disposal Group before the completion of the Print Disposal. Accordingly, the pro forma adjustment in relation to the acquisition of the Land and Buildings is the net amount of HK$210,517,000, representing the carrying amount of these assets as at 30 September 2012.

7. Adjustments to reflect the exclusion of the assets and liabilities of Next TV as at 30 September 2012, assuming that the TV Disposal had taken place on 30 September 2012.

8. Adjustments to reflect the pro forma loss arising from the TV Disposal based on the estimated net proceeds from the TV Disposal of approximately HK$1,377,000, comprising consideration of NT$1,500 million (equivalent to approximately HK$396,930,000 at the exchange rate of HK$1.00 = NT$3.779) less estimated transaction costs (mainly legal and professional fee of approximately HK$3,500,000) and tax expense of approximately HK$79,386,000, settlement of TV Indebtedness of approximately HK$264,620,000, bonus and pension payments adjustment of approximately HK$11,000,000 and expense payment in respect of previous contract of approximately HK$37,047,000 for the TV Disposal as presented below.

	HK$'000
Gross proceeds from the TV Disposal	396,930
Bonus and pension payments to certain staff to be adjusted from gross consideration	(11,000)
Gross proceeds after adjustment *(Note a)*	385,930
Net liabilities of Next TV as at 30 September 2012	(1,269,582)
Less: Waive of amounts due from the Remaining Group as at 30 September 2012 *(Note b)*	(1,946)
Add: Waive of amounts due to the Remaining Group as at 30 September 2012 *(Note b)*	1,743,382
TV Indebtedness as at 30 September 2012 to be settled by Max Growth and NMBL *(Note c)*	264,620
Adjusted net assets value disposed of as at 30 September 2012	736,474
	(350,544)
Less: Release of translation reserve attributable to the TV Disposal Group as at 30 September 2012	49,942
Loss from the TV Disposal before transaction costs and tax expense	(300,602)
Less: Transaction costs	(3,500)
Loss from the TV Disposal before tax expense	(304,102)
Less: Tax expense *(Note d)*	(79,386)
Loss from the TV Disposal	(383,488)
Less: Expense payment	(37,047)
Net loss arising on the TV Disposal	(420,535)
The adjustment of reserves comprises of:	
Net loss arising from TV Disposal	(420,535)
Net liabilities of Next TV as at 30 September 2012	(1,269,582)
Release of translation reserve attributable to the TV Disposal Group as at 30 September 2012	(49,942)
Elimination of share capital of Next TV	(12,059)
	(1,752,118)

Note a: Pursuant to the TV Sale and Purchase Agreement, the consideration for 100% of interest of the TV Disposal Group is approximately HK$396,930,000 and it is subject to the following adjustments:

(i) if the net assets value of the TV Disposal Group as at completion is less than NT$2,273 million (equivalent to approximately HK$606,000,000), the total consideration under the TV Sale and Purchase Agreement shall be adjusted downwards on a dollar-to-dollar basis in respect of such difference;

(ii) to deduct any tax payable (if any) as a result of the transactions contemplated under the TV Sale and Purchase Agreement which has not been determined as at the Latest Practicable Date;

(iii) to deduct the TV Receivables of the TV Disposal Group owed by any parties that were incurred prior to completion of the TV Sale and Purchase Agreement but remain unpaid after 120 days after completion of the TV Sale and Purchase Agreement up to an agreed amount of NT$36 million (equivalent to approximately HK$10,000,000) (the TV Receivables Reference Amount). If the amount of the TV Receivables exceeds the TV Receivables Reference Amount, the Purchasers (TV) are entitled to request Max Growth and NMBL to compensate for such shortfall. If the TV Disposal Group receives any TV Receivables after the adjustments are made, the Purchasers (TV) agree to return such receivables to Max Growth and NMBL; and

(iv) to deduct bonus and pension payment of a maximum amount of approximately NT$42 million (equivalent to approximately HK$11,000,000) to certain staff of the TV Disposal Group.

In respect with the above adjustments, the management considers that the net assets value of the TV Disposal Group as at completion will be higher than NT$2,273 million (equivalent to approximately HK$606,000,000), the TV Receivables will be recovered in full within 120 days after completion and all the foreseeable tax expenses regarding the TV Disposal is recognized in Note d below. Accordingly, the gross proceeds from the TV Disposal are only adjusted for the bonus and pension payments amounting to approximately HK$11,000,000.

Note b: Pursuant to the TV Sale and Purchase Agreement, all balances of the Group as of the completion date with the TV Disposal Group are waived.

Note c: TV Indebtedness represents bank borrowings as of the completion date settled by the Group before completion of the TV Disposal.

Note d: Tax expense is determined by the management which is the estimated maximum tax exposure resulting from the TV Disposal.

9. Adjustments to reflect the restricted bank balances for the consideration retention in accordance with the terms stated in the TV Sale and Purchase Agreement.

		Equivalent to
	NT$'000	*HK$'000*
Consideration retention		
— current	586,000	155,067
— non-current	75,000	19,847
	661,000	174,914

10. Adjustments to reflect acquisition of the TV Land and Buildings from the TV Disposal Group. Pursuant to the TV Sale and Purchase Agreement, the TV Land and Buildings have been acquired by the Group from the TV Disposal Group and would then be leased back to the TV Disposal Group. The TV Land and Buildings have been acquired at the market value and the management of the Company is of opinion that the gain on disposal arising from the disposal of the TV Land and Buildings will be distributed by the TV Disposal Group before the completion of the TV Disposal. Accordingly, the pro forma adjustment in relation to the acquisition of the TV Land and Buildings is the net amount of HK$299,345,000, representing the carrying amount of these assets as at 30 September 2012.

The above pro forma adjustments will have no continuing effect on the Remaining Group Less Print and the Remaining Group in the subsequent reporting periods.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	The Group	Pro forma adjustments							The Remaining Group Less Print	Pro forma adjustments				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*		*(Note 8)*	*(Note 9)*	*(Note 10)*	*(Note 11)*	
OPERATING ACTIVITIES														
(Loss) profit before tax	(74,536)	(43,415)	(224,938)			3,231,778		10,761	2,899,650	543,373		(335,907)	(2,247)	3,104,869
Adjustment for														
Finance costs	22,807	(875)	(4,023)						17,909	(3,643)				14,266
Allowance for bad and doubtful debts	12,725	(236)	4,219						16,708	—				16,708
Depreciation of property, plant and equipment	309,150	(3,649)	(49,629)						255,872	(62,424)				193,448
Depreciation of investment properties								2,481	2,481				8,486	10,967
Release of prepaid lease payments	1,797	—	—						1,797	—				1,797
Loss on disposal of property, plant and equipment	1,806	48	24						1,878	(716)				1,162
Share-based payment expense	11,133	—	—						11,133	(51)				11,082
Share of results of associates	9,202	—	—						9,202	—				9,202
Share of results of a jointly controlled entity	1,172	—	—						1,172	—				1,172
(Gain) loss on disposal of subsidiaries	(848,251)	—	—			(2,384,545)			(3,232,796)	—		415,335		(2,817,461)
Impairment loss of unlisted convertible notes	7,800	—	—						7,800	—				7,800
Impairment loss recognised in respect of goodwill	9,889	—	—						9,889	—				9,889
Impairment loss recognised in respect of property, plant and equipment	112,214	—	—						112,214	(46,666)				65,548
Impairment loss recognised in respect of interests in associates	105,505	—	—						105,505	—				105,505
Impairment loss recognised in respect of programmes and film rights	38,474	—	—						38,474	(22,670)				15,804
Interest income	(2,987)	388	312						(2,287)	154				(2,133)
Operating cash flows before movements in working capital	(282,100)	(47,739)	(274,035)						256,601	407,357				749,625
Increase in programmes and film rights	(140,630)	—	—						(140,630)	116,368				(24,262)
Increase in inventories	(20,083)	2,717	228						(17,138)	—				(17,138)
Increase in trade and other receivables	(74,882)	(100)	23,971						(51,011)	7,976				(43,035)
Increase in amounts due to associates	3,177	—	—						3,177	—				3,177
Increase in trade and other payables	71,290	19,590	6,271						97,151	(9,041)				88,110
Increase in retirement benefits plans	2,141	(718)	(1,229)						194	—				194
Net cash (used in) from operations	(441,087)	(26,250)	(244,794)						148,344	522,660				756,671
Income tax paid	(76,876)	8,028	31			(847,233)		(2,251)	(918,301)	—		(79,428)	(1,061)	(998,790)
NET CASH USED IN OPERATING ACTIVITIES	(517,963)	(18,222)	(244,763)						(769,957)	522,660				(242,119)

	The Group			Pro forma adjustments					The Remaining Group Less Print	Pro forma adjustments				The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*		*(Note 8)*	*(Note 9)*	*(Note 10)*	*(Note 11)*	
INVESTING ACTIVITIES														
Disposal of subsidiaries	763,195	—	—			3,358,293		(213,759)	3,907,729	—		266,147	(330,473)	3,843,403
Acquisition of a subsidiary	7,636	—	—						7,636	—				7,636
Increase in restricted bank balance	—	—	—			(627,482)			(627,482)	—		(175,007)		(802,489)
Interest received	2,791	(388)	(312)						2,091	(154)				1,937
Proceeds from disposal of property, plant and equipment	791	(227)	(68)						496	(135)				361
Purchase of property, plant and equipment	(453,784)	1,724	16,797						(435,263)	198,732				(236,531)
Advance to associates	(34,001)	—	—						(34,001)	—				(34,001)
Advance to (repayment from) ultimate holding company	—	1,370	(157)	(1,213)					—	—				—
Advance to fellow subsidiaries	—	4	18,324	(18,328)					—	3,275	(3,275)			—
Deposits for acquisition of property, plant and equipment	(22,308)	—	—						(22,308)	—				(22,308)
NET CASH FROM INVESTING ACTIVITIES	264,320	2,483	34,584						2,798,898	201,718				2,758,008
FINANCING ACTIVITIES														
Net loans raised	263,019	—	—						263,019	(263,019)				—
Advance from related parties	—	—	(1,470)	1,470					—	(1,053)	1,053			—
(Advance from) repayment to fellow subsidiaries	—	(2,728)	205,788	(203,060)					—	(474,226)	474,226			—
Repayments of bank loans	(126,804)	7,825	39,237		(229,282)				(309,024)	—				(309,024)
Interest paid	(22,807)	875	4,023						(17,909)	3,643				(14,266)
Acquisition of additional interest in subsidiaries	(4,273)	—	4,273				(125,802)		(125,802)	—				(125,802)
Repayment of obligations under finance lease	(4)	—	—						(4)	—				(4)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	109,131	5,972	251,851						(189,720)	(734,655)				(449,096)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(144,512)	(9,767)	41,672						1,839,221	(10,277)				2,066,793
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	878,557	(49,987)	(134,306)						694,264	(29,453)				664,811
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(8,261)	329	(882)						(8,814)	194				(8,620)
CASH AND CASH EQUIVALENT AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	725,784	(59,425)	(93,516)						2,524,671	(39,536)				2,722,984

Notes:

1. Adjustments to reflect the exclusion of the cash flows of Ideal Vegas and its subsidiaries for the year ended 31 March 2012, assuming that the Print Disposal had taken place on 1 April 2011.

2. Adjustments to reflect the exclusion of the cash flows of Amazing Sino and its subsidiaries for the year ended 31 March 2012, assuming that the Print Disposal had taken place on 1 April 2011.

3. Adjustments to reflect the elimination of the intercompany cash flows among the Remaining Group Less Print, Ideal Vegas and Amazing Sino for the year ended 31 March 2012.

4. Adjustments to reflect the repayment of bank borrowings for the Print Disposal as at 1 April 2011.

5. Adjustments to reflect the exclusion of the pro forma gain from the Print Disposal, which is a non-cash item and the net proceeds received from the Print Disposal as at 1 April 2011 based on the gross proceeds from the Print Disposal of NT$16,000 million (equivalent to approximately HK$4,236,166,000 at the exchange rate of HK$1.00 = NT$3.777) less estimated transaction costs of HK$4,000,000, tax expense of HK$847,233,000 and bonus and pension payments adjustment of approximately HK$26,640,000 for the Print Disposal as presented below. Included in the net proceeds received, NT$2,370 million (equivalent to approximately HK$627,482,000 at the exchange rate of HK$1.00 = NT$3.777), representing restricted bank balances for the consideration retention in accordance with the term stated in the Print Sale and Purchase Agreement.

	Total
	HK$'000
Gross proceeds from the Print Disposal	4,236,166
Less: Transaction costs	(4,000)
Tax expense	(847,233)
Bonus and pension payments adjustment	(26,640)
Net proceeds from the Print Disposal	3,358,293

6. Adjustment to reflect the net payment for acquisition of shares of subsidiaries of Amazing Sino and Ideal Vegas from non-controlling interest shareholders. The consideration for acquisition of non-controlling interests is estimated by the management with reference to the sales consideration from the Print Disposal.

7. Adjustments to reflect payment for acquisition of the Land and Buildings from the Print Disposal Group, rental income generated from the lease of the Land and Buildings to the Print Disposal Group and the related depreciation charge of the Land and Buildings. Pursuant to the Print Sale and Purchase Agreement, the Land and Buildings are acquired by the Group from the Print Disposal Group and then leased back to the Print Disposal Group. The Land and Buildings have been acquired at the market value and the management of the Company is of opinion that the gain on disposal arising from the disposal of the Land and Buildings will be distributed by the Print Disposal Group before the completion of the Print Disposal. Accordingly, the pro forma adjustment in relation to the acquisition of the Print Land and Buildings is the net amount of HK$213,759,000, representing the carrying amount of the assets as at 1 April 2011.

   The signed tenancy agreements in respect of the lease of Land and Buildings have an initial term of 3 years commencing from the completion of the Print Sale and Purchase Agreement and the annual rental after tax in respect of such lease is approximately HK$13,242,000 and the tax expense is calculated at 17% (Taiwan corporate tax rate) of the lease income.

   The management considers that the Land and Buildings acquired meet the definition of investment properties in accordance with Hong Kong Accounting Standard 40 "Investment Property" and therefore they are classified as investment properties. The Land and Buildings are initially measured at cost. Subsequent to initial recognition, the Land and Buildings are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of the Land and Buildings over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The management estimates that the depreciation charge in respect of the Land and Buildings is approximately HK$2,481,000 for the year ended 31 March 2012.

8. Adjustments to reflect the exclusion of the cash flows of Next TV for the year ended 31 March 2012, assuming that the TV Disposal had taken place on 1 April 2011.

9. Adjustments to reflect the elimination of the intercompany cash flows between the Remaining Group and Next TV for the year ended 31 March 2012.

10. Adjustments to reflect the exclusion of the pro forma loss from the TV Disposal, which is a non-cash item and the net proceeds received from the TV Disposal at 1 April 2011 based on the gross proceeds from the TV Disposal of NT$1,500 million (equivalent to approximately HK$397,141,000 at the exchange rate of HK$1.00 = NT$3.777) less transaction costs of HK$3,500,000, tax expenses of HK$79,428,000, bonus and pension payments adjustment of approximately HK$11,000,000 and expense payment in respect of previous contract of approximately HK$37,066,000 for the TV Disposal as presented below. Included in the net proceeds received, NT$661 million (equivalent to approximately HK$175,007,000 at the exchange rate of HK$1.00 = NT$3.777), representing restricted bank balance for the consideration retention in accordance with the term stated in the TV Sales and Purchase Agreement.

	Total
	HK$'000
Gross proceeds from the TV Disposal	397,141
Less: Transaction costs	(3,500)
Tax expense	(79,428)
Bonus and pension payments adjustment	(11,000)
Expense payment	(37,066)
Net proceeds from the TV Disposal	266,147

11. Adjustments to reflect payment for acquisition of the TV Land and Buildings from the TV Disposal Group, rental income generated from the lease of the TV Land and Buildings to the TV Disposal Group. Pursuant to the TV Sale and Purchase Agreement, the TV Land and Buildings have been acquired by the Group from the TV Disposal Group and would then be leased back to the TV Disposal Group. The TV Land and Buildings have been acquired at the market value and the management of the Company is of opinion that the gain on disposal arising from the disposal of the TV Land and Buildings will be distributed by the TV Disposal Group before the completion of the TV Disposal. Accordingly, the pro forma adjustment in relation to the acquisition of the TV Land and Buildings is the net amount of HK$330,473,000, representing the carrying amount of these assets as at 1 April 2011.

    The signed tenancy agreements in respect of the lease of TV Land and Buildings have an initial term of 3 years commencing from the completion of the TV Sale and Purchase Agreement and the annual rental in respect of such lease is approximately HK$6,239,000 and the tax expense is calculated at 17% (Taiwan corporate tax rate) of the lease income.

The management considers that the TV Land and Buildings acquired meet the definition of investment properties in accordance with Hong Kong Accounting Standard 40 "Investment Property" and therefore they are classified as investment properties. The TV Land and Buildings are initially measured at cost. Subsequent to initial recognition, the TV Land and Buildings are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of the TV Land and Buildings over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The management estimates that the depreciation charge in respect of the TV Land and Buildings is approximately HK$8,486,000 for the year ended 31 March 2012.

The above pro forma adjustments except for the rental income adjustment mentioned in Notes 7 and 11 will have no continuing effect on the Remaining Group Less Print and the Remaining Group in subsequent reporting periods.

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	Number of Shares Personal interests	Family interests	Corporate interests	Other interests	Interests in underlying Shares/equity derivatives	Total Shares	Percentage of issued share capital
Lai Chee Ying, Jimmy	1,720,594,935	—	1,000,000	64,938,230	—	1,786,533,165	74.04
Cheung Ka Sing, Cassian	172,000	—	—	—	27,000,000 *(Note 1)*	27,172,000	1.13
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 Family interests	Corporate interests	Other interests	Interests in underlying Shares/equity derivatives	Total Shares	Percentage of issued share capital
Ting Ka Yu, Stephen	108,344 *(Note 2)*	—	—	—	—	108,344	1.00
Ip Yut Kin	216,688 *(Note 2)*	—	—	—	—	216,688	2.00

Colored World Holdings Limited ("Colored World")

Name of Director/ Chief Executive	Personal interests	Number of Shares Family interests	Corporate interests	Other interests	Interests in underlying Shares/equity derivatives	Total Shares	Percentage of issued share capital
Lai Chee Ying, Jimmy	—	—	70 *(Note 3)*	—	—	70	70.00

Notes:

1. These interests represent options granted under the 2007 Share Option Scheme to the Directors as beneficial owners, details of which are set out in the section headed "Share Incentive Schemes" of the interim report of the Company for the six months ended 30 September 2012.

2. These interests represent the shares of ADPDL issued to the Directors upon the exercise of options granted under the 2007 ADPDL Share Option Scheme.

3. These interests represent the interest of the Director in Colored World pursuant to the entering into of the sale and purchase agreement dated 10 June 2011 (as amended by a side letter dated 4 July 2011) entered into between AtNext Limited as the vendor, Sum Tat Ventures Limited as the purchaser and Mr. Lai Chee Ying, Jimmy as the guarantor in respect of the transfer of 70% share interest in Colored World.

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)*	74.04

Note: These represent the same total number of Shares held by Mr. Lai Chee Ying, Jimmy, 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 Chee Ying, Jimmy, 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. Ip Yut Kin and Mr. Ting Ka Yu, Stephen who are considered to have a material interest in the Print Sale and Purchase Agreement by virtue of their personal shareholdings in a subsidiary of the Print Target

Group, 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 for Mr. Ip Yut Kin and Mr. Ting Ka Yu, Stephen who have personal shareholdings in a subsidiary of the Print Target Group in respect of which shareholdings the Group proposes to acquire as part of the Print Reorganisation, none of the Directors has any direct or indirect interest in any assets which have been, since 31 March 2012, 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

As disclosed in the Company's announcement dated 12 November 2012, the increase in the loss of the Group for the six months ended 30 September 2012 as compared against the loss of the Group for the six months ended 30 September 2011 was mainly attributable to (i) the write off of certain assets and equipment due to cessation of operation of the Group's multi-media division in Taiwan; and (ii) further impairment made to the assets and equipment as well as program and film rights of the Group's TV operation in Taiwan. As stated in the Company's announcement dated 30 November 2012 in relation to the Group's interim results for the six months ended 30 September 2012, the Group recorded loss of HK$928 million from continuing operations for the six months ended 30 September 2012.

Save as disclosed above, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2012, the date to which the latest published audited accounts of the Group have been made up.

6. LITIGATION

The Group had a dispute with UDL Contracting Limited ("UDL") as contractor for the construction of a printing facility of a subsidiary of the Company, Apple Daily Printing Limited ("ADPL"), over amounts payable in respect of the construction of the facility and legal action was taken by UDL with the High Court against ADPL and Mr. Lai for the claim made in 2007. The proceedings against ADPL had been referred to arbitration. This legal case has no further development since the issue of the audited consolidated financial statements for the year ended 31 March 2009 dated 5 June 2009.

In July 2010, BaWang International (Group) Holdings Limited (as first plaintiff) and BaWang (Guangzhou) Company Limited (as second plaintiff) (collectively referred to as "BaWang") issued a writ against Next Magazine Publishing Limited ("Next Magazine") in respect of an article published by Next Magazine alleging, amongst other things, that certain parts of such article were defamatory and/or were a malicious falsehood. Next Magazine filed a defence to such claim in January 2011. The parties are in dispute over liability and quantum. A hearing for an application by Next Magazine for specific discovery in respect of documents relevant to and necessary for the expert accounting evidence to be adduced by Next Magazine has taken place on 11 December 2012. As at the Latest

Practicable Date, no decision has been handed down in respect of such application. It is uncertain at this stage whether and when this case will go to trial but trial is unlikely before 2014.

As at the Latest Practicable Date, save as disclosed above, no litigation or claim which may be of material importance is known to the Directors to be pending or threatened against any member of the Group.

7. 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).

8. EXPERT

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

Name	**Qualification**
Deloitte Touche Tohmatsu	Certified Public Accountants

(b) As at the Latest Practicable Date, Deloitte Touche Tohmatsu 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) Deloitte Touche Tohmatsu 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, Deloitte Touche Tohmatsu was not interested, directly or indirectly, in any assets which had since 31 March 2012 (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.

9. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

(a) a car parking spaces lease agreement dated 15 February 2012 entered into between the Taiwan Branch of Best Combo Limited ("Best Combo") as landlord and the Taiwan Branch of ADPDL (an indirect non-wholly owned subsidiary of the Company) as tenant in relation to the lease of seven pieces of land with a total floor area of approximately 4,203.04 square feet located at Lots. 4-5, 4-6, 4-7, 4-8, 4-9, 4-20, 4-21, Jiuzong, Neihu District, Taipei City, Taiwan (台灣台北市內湖區舊宗段4-5, 4-6, 4-7, 4-8, 4-9, 4-20, 4-21地號) for a monthly rental of NT$200,000;

(b) a lease agreement dated 29 April 2011 entered into between the Taiwan Branch of Best Combo as landlord and Next TV (an indirect wholly owned subsidiary of the Company) as tenant in relation to the lease of the properties located at No.18, Lane 146, Xinhu 2nd Road, Neihu District, Taipei City, Taiwan (台灣台北市內湖區新湖二路146巷18號) for the monthly rental of NT$28,197,300;

(c) a lease agreement dated 7 June 2011 (as amended by the addendum dated 30 September 2011) entered into between the Taiwan Branch of Best Combo as landlord and Next TV (an indirect wholly owned subsidiary of the Company) as tenant in relation to the lease of the properties located at 1st floor, 2nd floor, 7th floor and 8th floor, Lots. 46-3 and 46-15, Jiuzong, Neihu District, Taipei City, Taiwan (台灣台北市內湖區舊宗段46-3, 46-15地號一樓、二樓、七樓及八樓) for a monthly rental of NT$973,600;

(d) a lease agreement dated 7 June 2011 (as amended by the addendum dated 30 September 2011) entered into between the Taiwan Branch of Best Combo as landlord and Next Multi-media Entertainment Services Limited (an indirect wholly owned subsidiary of the Company) as tenant in relation to the lease of the properties located at 3rd floor to 6th floor, Lots. 46-3 and 46-15, Jiuzong, Neihu District, Taipei City, Taiwan (台灣台北市內湖區舊宗段46-3, 46-15地號三樓至六樓) for a monthly rental of NT$973,600;

(e) the sale and purchase agreement dated 10 June 2011 (as amended by the side letter dated 4 July 2011) entered into between AtNext Limited (an indirect wholly owned subsidiary of the Company) as the vendor, Sum Tat Ventures Limited as the purchaser and Mr. Lai Chee Ying, Jimmy as the guarantor in respect of the sale of 70% share interest in Colored World Holdings Limited for the consideration of US$100 million;

(f) the business framework agreement dated 31 October 2011 (as supplemented by a side letter dated 31 December 2012) entered into between the Company and Next Media Animation Limited ("NMA", together with its subsidiaries, the "NMA

Group") in respect of provision of the animation services by the NMA Group to the Group and the provision of the advertising services and the supporting services by the Group to the NMA Group;

(g) a memorandum of understanding dated 1 October 2012 entered into between the Company and Mr. Lien Tai-sheng ("Mr. Lien") in respect of the possible disposal by the Group to Mr. Lien of the entire issued share capital of Next TV, which has been terminated by all parties by mutual consent with effect from 15 October 2012;

(h) the two memorandums of understanding dated 15 October 2012 (as supplemented by the two supplemental memorandums of understanding dated 18 November 2012) entered into between the Company and Mr. Jeffrey Koo, Jr. in respect of the Proposed Disposal;

(i) the Print Sale and Purchase Agreement;

(j) the TV Sale and Purchase Agreement; and

(k) a lease agreement dated 31 December 2012 entered into between NMBL, as landlord and the Taiwan Branch of NMA, as tenant in relation to the lease of the properties with a total floor area of approximately 2,213 square meters located at 2/F., 3/F., and 9/F., No.39, Lane 141, Xingai Road, Neihu District, Taipei City, Taiwan (台灣台北市內湖區行愛路141巷39號2樓、3樓及9樓) for a monthly rental of NT$669,500.

10. 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 Extraordinary General Meeting:

(a) the memorandum and articles of association of the Company;

(b) the audited financial statements of the Group for the two years ended 31 March 2011 and 2012;

(c) the report from Deloitte Touche Tohmatsu on the financial information of the Disposal Group, the text of which is set out in Appendix II to this circular;

(d) the reports from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Remaining Group, the texts of which are set out in Appendix III to this circular;

(e) the letter of consent from Deloitte Touche Tohmatsu referred to in the paragraph headed "Experts" in this Appendix;

(f) the material contracts referred to in the section headed "Material Contracts" in this Appendix, including the Print Sale and Purchase Agreement and the TV Sale and Purchase Agreement; and

(g) this circular.

11. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Wong Shuk Ha, Cat who is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(b) The registered office of the Company is situated at 1st Floor, 8 Chun Ying Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong.

(c) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) 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 at 3:00 p.m. on Wednesday, 20 February 2013 for the purpose of considering and if thought fit, passing, with or without amendment, the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the transactions contemplated under the sale and purchase agreement dated 27 November 2012 (the "Print Sale and Purchase 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 Database Gateway Limited ("DGL") as the vendor, Global Professional Investment Limited, Newwing Limited, Lucky Bell Holding Limited and 龍寶私人有限公司 (Long Bao Pte. Ltd.*), as the purchasers and the Company as guarantor for DGL, in relation to the disposal by DGL of the entire issued share capital of Amazing Sino International Limited and Ideal Vegas Limited at a total consideration of NT$16,000 million subject to adjustments as provided under the Print Sale and Purchase Agreement and the proposed reorganisation of the disposal group (the "Print Reorganisation") 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 Print Sale and Purchase Agreement and to implement and/or give effect to the transactions contemplated thereunder (including the Print Reorganisation) including without limitation to the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements."

2. "**THAT**:

   (a) the transactions contemplated under the sale and purchase agreement dated 27 November 2012 (the "TV Sale and Purchase Agreement", a copy of which has been produced to this meeting and marked "B" and initialled by the chairman of the meeting for the purpose of identification) between 壹傳媒傳訊播放股份有限公司 (Next Media Broadcasting Limited*) ("NMBL") and Max Growth B.V. ("Max Growth") as the vendors, 華亞媒體股份有限公

司(Huaya Media Co., Ltd.*), 勇信開發股份有限公司 (Yong Sin Development Co., Ltd.*), 中諒有限公司 (Tiong Liong Co. Ltd.*) and 成昌投資股份有限公司 (Gainchamp Investment Limited*), as the purchasers and the Company as guarantor for NMBL and Max Growth in relation to the disposal by NMBL of 55% of the entire issued share capital of 壹傳媒電視廣播股份有限公司 (Next TV Broadcasting Limited*) ("Next TV") and the disposal by Max Growth of 45% of the entire issued share capital of Next TV at a total consideration of NT$1,500 million subject to adjustments as provided under the TV Sale and Purchase Agreement and the proposed reorganisation of Next TV (the "TV Reorganisation") 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 TV Sale and Purchase Agreement and to implement and/or give effect to the transactions contemplated thereunder (including the TV Reorganisation) including without limitation to the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements."

Yours faithfully,
By order of the Board
Wong Shuk Ha, Cat
Secretary

Hong Kong, 25 January 2013

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

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 Extraordinary General Meeting 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 Extraordinary General Meeting or any adjournment thereof.

4. The Register of Members of the Company will be closed from Monday, 18 February 2013 to Wednesday, 20 February 2013, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining entitlement to attend the Extraordinary General Meeting. In order to be eligible to attend and vote at the Extraordinary General Meeting, 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 Friday, 15 February 2013.