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NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Business Framework Agreement dated 31 October 2011 entered into between the Company and NMAL, details of which have been disclosed in the Announcement.

In view of the anticipated increase in demand of the Supporting Services to be rendered by the Group to the NMAL Group due to the growth of the NMAL Group and the increase of personnel and associated costs, on 31 December 2012, the Company entered into a side letter with NMAL to revise the existing Supporting Services annual caps in respect of the two financial years ending 31 March 2013 and 31 March 2014 under the Business Framework Agreement.

As each of the percentage ratios (other than profit ratio) calculated in accordance with the Listing Rules for the aggregate value of the Animation Services, the Advertising Services and the Supporting Services (under revised annual caps), on annual basis, is less than 5% and more than 0.1%, the provision of the Supporting Services is subject to the reporting and announcement requirements, and the annual review requirements under Rule 14A.34 of the Listing Rules but is exempt from the Independent Shareholders' approval requirement.

REVISION OF THE SUPPORTING SERVICES ANNUAL CAPS

Reference is made to the business framework agreement dated 31 October 2011 (the "Business Framework Agreement") entered into between Next Media Limited (the "Company", together with its subsidiaries, the "Group") and NMAL in respect of the provision of the Animation Services by NMAL Group to the Group and the provision of the Advertising Services and the Supporting Services by the Group to NMAL Group, details of which have been disclosed in the announcement of the Company dated 10 June 2011 (the "Announcement") and the Company's circular dated 15 July 2011 (the "Circular"). Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined in the Announcement and the Circular.

In view of the anticipated increase in demand of the Supporting Services to be rendered by the Group to the NMAL Group due to the growth of the NMAL Group and the increase of personnel and associated costs, the existing Supporting Services annual caps in respect of the two financial years ending 31 March 2013 and 31 March 2014 under the Business Framework Agreement will need to be revised. The Company, on 31 December 2012, entered into a side letter with NMAL to revise the existing Supporting Services annual caps in respect of the two

financial years ending 31 March 2013 and 31 March 2014 with effect from 1 January 2013 as follows:

Period	Existing Supporting Services annual caps	Revised Supporting Service annual caps
1 April 2012- 31 March 2013	HK\$1,100,000	HK\$5,000,000
1 April 2013- 31 March 2014	HK\$1,200,000	HK\$5,500,000

Each of the revised Supporting Services annual caps is determined by reference to (a) the historical transaction amount in respect of the provision of the Supporting Services by the Group; (b) the actual transaction amount of the provision of the Supporting Services by the Group to NMAL Group for the six months ended 30 September 2012 which is within the existing Supporting Services annual caps; (c) the expected growth of the NMAL Group and increase of personnel and associated costs thereby increasing demand for Supporting Services; and (d) the expected increase in demand for the Supporting Services generally.

The Directors, including the independent non executive Directors, consider that the terms of the provision of the Supporting Services and the revised Supporting Services annual caps are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

Save for the revision of the Supporting Service annual caps, all other terms and conditions stipulated in the Business Framework Agreement remain unchanged.

LISTING RULES IMPLICATIONS

Pursuant to the Listing Rules, if the Company proposes to revise the annual caps for the continuing connected transaction, it is required to re-comply with the relevant provisions of Chapter 14A of the Listing Rules.

As at the date of this announcement, NMAL, a company of which 30% interest is held by the Group and the remaining 70% interest is held by Mr. Lai Chee Ying, Jimmy (“Mr. Lai”), an executive director and the controlling shareholder of the Company holding 1,786,533,165 shares of the Company, representing approximately 74.04% of the total issued shares of the Company, NMAL is an associate of Mr. Lai and therefore is a connected person of the Company. Accordingly, the provision of the Supporting Services constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the percentage ratios (other than profit ratio) calculated in accordance with the Listing Rules for the aggregate value of the Animation Services, the Advertising Services and the Supporting Service (under the revised annual caps) pursuant to the Business Framework Agreement, on annual basis, is less than 5% and more than 0.1%, the provision of the Supporting Services is subject to the reporting and announcement requirements, and the annual review requirements under Rule 14A.34 of the Listing Rules but is exempt from the Independent Shareholders’ approval requirement.

GENERAL

The Group is principally engaged in the printing and publication of newspapers, magazines and books in Hong Kong and Taiwan. It also sells advertising space in these and on its Web portals, and subscriptions to the Web portals. Furthermore, it provides printing and reprographic services, delivers Internet content, and operates TV channels in Taiwan.

NMAL Group is principally engaged in animation production and other related services. The issued share capital of NMAL is held as to 70% by Mr. Lai beneficially and as to remaining 30% by the Group.

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

Hong Kong, 31 December 2012

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

Executive Directors:

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

Independent Non-executive Directors:

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