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NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

CONNECTED TRANSACTION DISPOSAL OF ASSETS

On 29 June 2012, Lifestyle, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with NMA, pursuant to which, Lifestyle has agreed to sell and NMA has agreed to purchase the Assets at the Consideration.

As NMA is 70% beneficially owned by Mr. Lai, an executive Director, the Chairman and the controlling Shareholder of the Company holding 1,786,533,165 Shares as at the date of this announcement, representing approximately 74.05% of the total issued share capital of the Company, NMA is an associate of Mr. Lai and therefore a connected person of the Company. Accordingly, the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company under the Listing Rules. The remaining 30% of the issued share capital of NMA is held indirectly by the Company.

As each of the applicable percentage ratios (other than the profits ratio) calculated in accordance with the Listing Rules is more than 0.1% but less than 5%, the entering into of the Sale and Purchase Agreement is only subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The board announces that on 29 June 2012, Lifestyle, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with NMA, pursuant to which, Lifestyle has agreed to sell and NMA has agreed to purchase the Assets at the Consideration.

SALE AND PURCHASE AGREEMENT DATED 29 JUNE 2012

Parties

- (i) Purchaser: NMA; and
- (ii) Vendor: Lifestyle

Consideration

The Consideration shall be equal to the unaudited net book value of the Assets as at the date of the Sale and Purchase Agreement and an amount equivalent to 5% value-added tax which is included in the Taiwan Consideration. As at the date hereof, the unaudited net book value of the Assets amounted to HK\$5,137,200 and NT\$2,282,459, in aggregate, equivalent to a total of HK\$5,728,664. The original acquisition costs of the Assets were HK\$6,909,397 and NT\$3,491,831, in aggregate, equivalent to a total of HK\$7,814,251.

The Consideration was determined after arm's length negotiation between Lifestyle and NMA by reference to the unaudited net book value of the Assets as at the date of the Sale and Purchase Agreement, depreciation of the Assets, current conditions of the Assets and current market value of assets of similar capability.

Since the Consideration to be received by Lifestyle from NMA under the Sale and Purchase Agreement is almost equivalent to the unaudited net book value of the Assets as at the date of Completion, there is no significant gain or loss arising from the Disposal for the Group.

The Consideration in a total amount of HK\$5,758,237, being the aggregate of the Hong Kong Consideration and Taiwan Consideration, shall be payable by NMA to Lifestyle in cash upon Completion. The proceeds from the Disposal will be used as general working capital of the Group.

Completion

Pursuant to the Sale and Purchase Agreement, completion of the Disposal is expected to take place on 1 July 2012 or on a later date to be mutually agreed between the parties in writing.

INFORMATION OF THE PARTIES

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

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Assets, comprising of computer hardware and software, are mainly for animation production and development of on-line and mobile games, which are aligned with the core competencies of NMA. It is considered that the disposal of the Assets from Lifestyle to NMA will allow the Group to better allocate its resources and reduce the maintenance costs of its assets. Lifestyle has negotiated with NMA on an arm's length basis and it is agreed that the Assets would be disposed to NMA for its animation operation, which will result in a better alignment of the Group's activities and in the overall utilization of resources.

The Directors (including the independent non-executive Directors) considered that the terms of the Disposal have been reached after arm's length negotiation and on normal commercial terms and that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As NMA is 70% beneficially owned by Mr. Lai, an executive Director, the Chairman and the controlling Shareholder of the Company holding 1,786,533,165 Shares as at the date of this announcement, representing approximately 74.05% of the total issued share capital of the Company, NMA is an associate of Mr. Lai and therefore a connected person of the Company. Accordingly, the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company under the Listing Rules. Mr. Lai, who has a material interest in this connected transaction, has abstained from voting on the Board resolutions which approved the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder. Mr. Cheung Ka Sing, Cassian and Mr. Ting Ka Yu, Stephen are Directors of the Company and also directors of Lifestyle and NMA respectively, they are regarded as having interests in this connected transaction and have abstained from voting on the relevant Board resolutions as well.

As each of the applicable percentage ratios (other than the profits ratio) calculated in accordance with the Listing Rules is more than 0.1% but less than 5%, the entering into of the Sale and Purchase Agreement is only subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Assets”	The assets to be disposed by Lifestyle to NMA pursuant to the Sale and Purchase Agreement;
“Board”	the board of directors of the Company;

“Company”	Next Media Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange;
“Completion”	1 July 2012, being the completion date of the Disposal or on a later date to be mutually agreed between Lifestyle and NMA in writing;
“Consideration”	HK\$5,758,237 which shall include Hong Kong Consideration and Taiwan Consideration;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Assets by Lifestyle to NMA pursuant to the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars;
“Hong Kong Consideration”	HK\$5,137,200, being the consideration for the disposal of certain Assets located in Hong Kong;
“Lifestyle”	Next Media Lifestyle Entertainment Services Limited, a company incorporated under the laws of Taiwan and an indirect wholly owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Lai”	Mr. Lai Chee Ying, Jimmy, an executive Director, the Chairman and the controlling Shareholder of the Company holding 1,786,533,165 Shares as at the date of this announcement, representing approximately 74.05% of the total issued share capital of the Company;
“NMA”	Next Media Animation Limited, a company incorporated under the laws of Hong Kong with limited liability and an associated company of the Company;
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan;
“Sale and Purchase Agreement”	the agreement for the sale and purchase of the Assets dated 29 June 2012 entered into between Lifestyle and NMA;

“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Taiwan”	Republic of China;
“Taiwan Consideration”	NT\$2,396,583 inclusive of 5% value-added tax (equivalent to HK\$621,037), being the consideration for the disposal of certain Assets located in Taiwan; and
“%”	per cent.

For the purpose of this announcement, the exchange rate of HK\$1.00 = NT\$3.859 has been used for currency conversion.

By order of the Board
Wong Shuk Ha, Cat
Secretary

Hong Kong, 29 June 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