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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 for independent professional advice.

**If you have sold or transferred** all your shares in **Next Media Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**NEXTmedia**

**NEXT MEDIA LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00282)**

**PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening an EGM of Next Media Limited to be held at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong on Wednesday, 15 January 2014 at 3:00 p.m. is set out on pages 7 to 8 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.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Accumulated Losses”	accumulated losses of the Company as at the Effective Date;
“Board”	the board of Directors of the Company;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) currently in force;
“Companies Registry”	the Hong Kong Companies Registry;
“Company”	Next Media Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange;
“Court”	the High Court of Hong Kong, Court of First Instance;
“Directors”	the directors of the Company;
“Effective Date”	the date upon which the Reduction of Share Premium Account becomes unconditional and effective;
“EGM”	the extraordinary general meeting of the Company to be held at Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong on Wednesday, 15 January 2014 at 3:00 p.m.;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Reduction of Share Premium Account”	the proposed reduction of the Company’s share premium account as set out in this circular;
“Scheme”	the share option scheme of the Company adopted on 30 July 2007;
“Share(s)”	ordinary share(s) of par value of HK\$1.00 each in the share 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;
“Shareholders”	holder(s) of Share(s); and
“Stock Exchange”	the Stock Exchange of Hong Kong Limited.

# **NEXTmedia**

## **NEXT MEDIA LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00282)**

*Executive Directors:*

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

*Registered office:*

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

*Independent Non-Executive Directors:*

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

11 December 2013

*To the Shareholders*

Dear Sir or Madam,

### **PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **1. INTRODUCTION**

On 26 November 2013, the Board announced that it proposes to put forward a proposal for the Reduction of Share Premium Account for approval by the Shareholders by way of a special resolution at the EGM. The purpose of this circular is to provide you with information relating to, amongst other things, details of the Reduction of Share Premium Account and a notice of the EGM.

#### **2. PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT**

The proposed Reduction of Share Premium Account involves reducing the share premium account of the Company (which credit stands at HK\$928.7 million as at 30 September 2013) by an amount sufficient to set off against the Company's total Accumulated Losses and the remaining balance arising from the Reduction of Share Premium Account (if any) will be credited to a capital reduction reserve account, subject to such conditions as the Court may impose.

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## LETTER FROM THE BOARD

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### 3. EFFECTS OF THE REDUCTION OF SHARE PREMIUM ACCOUNT

According to the audited financial statements of the Company for the year ended 31 March 2013, the Company had total accumulated losses of HK\$568.3 million as at 31 March 2013. Based on the unaudited financial statements of the Company for the six months ended 30 September 2013, the Company had total accumulated losses of HK\$925.0 million as at 30 September 2013.

As at 30 September 2013, the amount standing to the credit of the share premium account of the Company was HK\$928.7 million. As a result of the Reduction of Share Premium Account, the credit standing to the share premium account of the Company will be reduced by an amount sufficient to set off the Company's total Accumulated Losses and the remaining balance arising from the Reduction of Share Premium Account (if any) will be credited to a capital reduction reserve account, subject to such conditions as the Court may impose.

Save for the expenses incurred by the Company in relation to the Reduction of Share Premium Account, the Board considers that the implementation of the Reduction of Share Premium Account will not, in itself, alter the underlying assets, business operations, management of the Company or the proportionate interests of the Shareholders of the Shares held by the Shareholders immediately prior to the Reduction of Share Premium Account becoming effective. The Board considers that the Reduction of Share Premium Account will not have any material adverse effect on the financial position of the Group.

Set out below, for illustrative purpose only, is a simplified statement showing the proposed movement of the Shareholders' funds of the Company before and after the Reduction of Share Premium Account takes effect, based on the Company's position as at 30 September 2013.

	<b>Immediately Before Reduction of Share Premium Account as at 30 September 2013</b>	<b>Immediately After Reduction of Share Premium Account taking effect</b>
	<i>HK\$M</i>	<i>HK\$M</i>
Share Capital issued and fully paid	2,431.0	2,431.0
Share Premium Account	928.7	3.7
Share-based Payment Reserve	8.4	8.4
Accumulated Losses	(925.0)	—
	<hr/>	<hr/>
Total Equity	<u>2,443.1</u>	<u>2,443.1</u>

*Notes:*

- 1 This table assumes that the amount of the Accumulated Losses (i.e. as at the Effective Date) will be the same as the total accumulated losses of the Company as at 30 September 2013.
- 2 This table does not take into account expenses that will be incurred by the Company in relation to the Reduction of Share Premium Account.

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## LETTER FROM THE BOARD

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Further, the Reduction of Share Premium Account does not involve the diminution of any liability in respect of any unpaid capital of the Company nor does it involve the repayment to the Shareholders of any paid-up capital of the Company. Accordingly, Shares held by the Shareholders will not be affected.

Pursuant to the terms of the Scheme, the implementation of the Reduction of Share Premium Account will not result in any adjustment to the exercise price or the number of the Shares to be subscribed for in relation to the outstanding options granted under the Scheme.

#### **4. CONDITIONS OF THE REDUCTION OF SHARE PREMIUM ACCOUNT**

The Reduction of Share Premium Account is subject to the satisfaction of, inter alia, the following conditions:

- (i) the passing by the Shareholders of a special resolution to approve the Reduction of Share Premium Account and related matters at the EGM of the Company; and
- (ii) the confirmation of the Reduction of Share Premium Account by the Court and the registration by the Companies Registry in Hong Kong of a copy of the Court order confirming the Reduction of Share Premium Account and the minute containing the particulars required under Section 61 of the Companies Ordinance.

Assuming that the above conditions are fulfilled, it is expected that the Reduction of Share Premium Account will become effective immediately following the registration of the Court order and the minute required under Section 61 of the Companies Ordinance. However, the Effective Date cannot be ascertained at present as it is subject to Court availability of the date of the hearing of the petition for the confirmation of the Reduction of Share Premium Account. A further announcement will be made informing the Shareholders of the Effective Date.

#### **5. REASONS FOR THE REDUCTION OF SHARE PREMIUM ACCOUNT**

The Company carried out a capital reduction exercise in February 2003 and the credit which arose out of such capital reduction was applied to reduce the Company's accumulated losses at that time. Since then, the Company has incurred further losses and the Company had total accumulated losses of HK\$925.0 million as at 30 September 2013, such accumulated losses were mainly attributable to:

- (i) the operating losses incurred for the Group's TV operations in Taiwan; and
- (ii) the written off and impairment made for certain assets and equipment of the Group's TV operations in Taiwan.

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## LETTER FROM THE BOARD

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The Group is now profitable but the Company will remain unable to pay dividends while such accumulated losses exist. Accordingly, the Board proposed the Reduction of Share Premium Account with the resulting credit arising from such reduction be applied to set off against the Company's total Accumulated Losses and at the discretion of the Directors, the remaining balance arising from the Reduction of Share Premium Account (if any) to be credited to a capital reduction reserve account, subject to such conditions as the Court may impose.

The proposal to set off the Company's Accumulated Losses with the credit arising out of the Reduction of Share Premium Account would put the Company in a position to legally pay dividends. When the Reduction of Share Premium Account becomes effective, the Company will have greater flexibility in making decisions on its dividend policy, subject to the Company's performance and when the Board considers it appropriate in the future.

Based on the reasons and effects of the Reduction of Share Premium Account as set out above, the Board considers that the Reduction of Share Premium Account is in the best interest of the Company and the Shareholders as a whole.

### **6. EXTRAORDINARY GENERAL MEETING**

The notice convening the EGM, at which a special resolution will be proposed to approve the Reduction of Share Premium Account, is set out on pages 7 to 8 of this circular.

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.

Pursuant to the Rule 13.39(4) of the Listing Rules, any vote of the 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 special resolution set out in the notice of the EGM shall be put to vote at the EGM 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 authorized representative) or by proxy shall have one vote for each Share of which he is the holder. A Shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

An announcement of the poll results will be made after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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### 7. RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the proposed Reduction of Share Premium Account is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favour of the special resolution to be proposed at the EGM.

### 8. 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.

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



# **NEXTmedia**

## **NEXT MEDIA LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00282)**

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting of Next Media Limited (the “Company”) will be held at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong on Wednesday, 15 January 2014 at 3:00 p.m. for the purpose of considering and if thought fit, passing the following resolution as a special resolution of the Company:

### **SPECIAL RESOLUTION**

**“THAT:**

- (a) subject to the confirmation of the High Court of Hong Kong, the amount standing to the credit of the share premium account of the Company be reduced by a sum not exceeding HK\$928,700,000 (“Share Premium Reduction”) and the directors of the Company (“Directors”) be and are hereby authorised to apply an amount sufficient to set off against the total accumulated losses standing in the accounts of the Company as at the date on which the Share Premium Reduction becomes unconditional and effective; and at the discretion of the Directors, to apply the remaining balance arising from the Share Premium Reduction (if any) to a reserve account of the Company, subject to any conditions that may be imposed by the High Court of Hong Kong; and
- (b) the Directors be and are hereby authorised generally to do all acts and things, and to approve, sign and execute any documents, which in their opinion may be necessary, desirable or expedient to implement or to give effect to the foregoing including, without limitation, to seek confirmation from the High Court of Hong Kong, and authorise counsel on behalf of the Company to provide any undertaking as is necessary to the High Court of Hong Kong in respect of the Share Premium Reduction.”

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

Hong Kong, 11 December 2013

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## NOTICE OF EGM

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### Notes:

1. Pursuant to the Listing Rules and the Articles of Association of the Company, any vote of member at a general meeting of the Company must be taken by poll except where the chairman of the meeting of the Company, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
2. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of such member in accordance with the Articles of Association of the Company. A proxy need not be a member of the Company.
3. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company at 1st Floor, 8 Chun Ying Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
4. The Register of Members of the Company will be closed from Monday, 13 January 2014 to Wednesday, 15 January 2014, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining entitlement to attend the EGM. In order to be eligible to attend and vote at the EGM of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, 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, 10 January 2014.
5. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at or after 1:00 p.m. on 15 January 2014 and/or the Hong Kong Observatory has announced at or before 1:00 p.m. on 15 January 2014 that either of the above mentioned warnings is to be issued within the next two hours, the EGM shall automatically be postponed to the next Business Day on which no "black" rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted between the hours from 1:00 p.m. to 3:00 p.m. and in such case the EGM shall be held at 3:00 p.m. on that Business Day at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong. "Business Day", in this context, shall mean a day (not being Saturday, Sunday or public holiday) on which banks in Hong Kong generally are open for business.