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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 registered 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.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities in the Company.

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**NEXTmedia**

**NEXT MEDIA LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00282)**

**CONNECTED TRANSACTIONS  
INVOLVING ISSUE OF SHARES TO DIRECTORS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser**

***Hercules***

**Hercules Capital Limited**

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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 on Thursday, 31 July 2014 at 3:30 p.m. (or immediately after the conclusion of an annual general meeting of Next Media Limited to be held at 3:00 p.m. on the same day) is set out on pages 27 to 28 of this circular. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at or after 1:30 p.m. on 31 July 2014 and/or the Hong Kong Observatory has announced at or before 1:30 p.m. on 31 July 2014 that either of the above mentioned warnings is to be issued within the next two hours, the Extraordinary General Meeting 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 1:30 p.m. to 3:30 p.m. and in such case the Extraordinary General Meeting shall be held at 3:30 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.

Whether or not you are able to attend the Extraordinary General Meeting, 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 Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjournment thereof should you so wish.

16 July 2014

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## DEFINITIONS

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

“associate(s)”	has the meaning as ascribed to it in the Listing Rules
“Award Date”	30 June 2014, being the date on which new Shares are conditionally awarded to Mr. Fok, Mr. Wong and Dr. Lee
“Award Shares”	an aggregate of 930,000 new Shares to be allotted and issued to Mr. Fok, Mr. Wong and Dr. Lee
“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
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Controlling Shareholder”	Mr. Lai Chee Ying, Jimmy, who together with his associates hold 1,786,533,165 Shares, representing approximately 73.49% of the issued Shares as at the Latest Practicable Date
“Directors”	the directors of the Company
“Dr. Lee”	Dr. Lee Ka Yam, Danny, an independent non-executive Director
“EGM Notice”	the notice convening the Extraordinary General Meeting, which is set out on pages 27 to 28 of this circular
“Extraordinary General Meeting” or “EGM”	the Extraordinary General Meeting of the Company to be held on Thursday, 31 July 2014 at 3:30 p.m. (or immediately after the conclusion of an annual general meeting of the Company to be held at 3:00 p.m. on the same day)
“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

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## DEFINITIONS

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“Independent Financial Adviser” or “Hercules Capital”	Hercules Capital Limited, a corporation licensed to carry out type 6 regulated activity as defined under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Shareholders in respect of the terms of issue of the Award Shares
“Independent Shareholders”	all Shareholders other than Mr. Fok, Mr. Wong and Dr. Lee
“Latest Practicable Date”	11 July 2014, the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Fok”	Mr. Fok Kwong Hang, Terry, an independent non-executive Director
“Mr. Wong”	Mr. Wong Chi Hong, Frank, an independent non-executive Director
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571), as amended from time to time
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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LETTER FROM THE BOARD

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**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

16 July 2014

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTIONS  
INVOLVING ISSUE OF SHARES TO DIRECTORS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

We refer to the announcement of the Company dated 30 June 2014 in which the Company announced that it has, on the Award Date, conditionally awarded the Award Shares to Mr. Fok, Mr. Wong and Dr. Lee, being all the independent non-executive Directors, subject to conditions and compliance with the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with further details of the Award Shares and to provide you with the letter of advice from Hercules Capital and EGM Notice.

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## LETTER FROM THE BOARD

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### THE SHARE AWARDS

The key terms of the proposed issue of Award Shares are set out below.

**1. Mr. Fok Kwong Hang, Terry**

- |  |   |   |
|--|---|---|
| Number of new Shares conditionally awarded | : | 330,000 Shares, representing approximately 0.0136% of the existing total issued Shares of the Company and 0.0136% of the total issued Shares of the Company as enlarged by the issue of all the Award Shares (assuming no change in the total issued Shares of the Company between the Latest Practicable Date and the date of issue of all Award Shares)                       |
| Subscription price                         | : | As the Shares are to be issued as awards, a nominal amount of HK\$11 will be payable by Mr. Fok on each issue of Award Shares   |
| Value of Award Shares                      | : | HK\$280,500 in aggregate which is calculated using the closing price of the Share of HK\$0.85 on the Award Date   |
| Conditions and timing of issue             | : | Subject to Mr. Fok remaining as a Director on each issue date, the new Shares will be issued in accordance with the following timetable:–<br><br>(i) 110,000 new Shares on the first anniversary of the Award Date;<br><br>(ii) 110,000 new Shares on the second anniversary of the Award Date; and<br><br>(iii) 110,000 new Shares on the third anniversary of the Award Date. |

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## LETTER FROM THE BOARD

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### 2. Mr. Wong Chi Hong, Frank

- Number of new Shares conditionally awarded : 300,000 Shares, representing approximately 0.0123% of the existing total issued Shares of the Company and 0.0123% of the total issued Shares of the Company as enlarged by the issue of all the Award Shares (assuming no change in the total issued Shares of the Company between the Latest Practicable Date and the date of issue of all Award Shares)
- Subscription price : As the Shares are to be issued as awards, a nominal amount of HK\$10 will be payable by Mr. Wong on each issue of Award Shares
- Value of Award Shares : HK\$255,000 in aggregate which is calculated using the closing price of the Share of HK\$0.85 on the Award Date
- Conditions and timing of issue : Subject to Mr. Wong remaining as a Director on each issue date, the new Shares will be issued in accordance with the following timetable:-
- (i) 100,000 new Shares on the first anniversary of the Award Date;
  - (ii) 100,000 new Shares on the second anniversary of the Award Date; and
  - (iii) 100,000 new Shares on the third anniversary of the Award Date.

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## LETTER FROM THE BOARD

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### 3. Dr. Lee Ka Yam, Danny

Number of new Shares conditionally awarded	:	300,000 Shares, representing approximately 0.0123% of the existing total issued Shares of the Company and 0.0123% of the total issued Shares of the Company as enlarged by the issue of all the Award Shares (assuming no change in the total issued Shares of the Company between the Latest Practicable Date and the date of issue of all Award Shares)
Subscription price	:	As the Shares are to be issued as awards, a nominal sum of HK\$10 will be payable by Dr. Lee on each issue of Award Shares
Value of Award Shares	:	HK\$255,000 in aggregate which is calculated using the closing price of the Share of HK\$0.85 on the Award Date
Conditions and timing of issue	:	Subject to Dr. Lee remaining as a Director on each issue date, the new Shares will be issued in accordance with the following timetable:–  (i) 100,000 new Shares on the first anniversary of the Award Date;  (ii) 100,000 new Shares on the second anniversary of the Award Date; and  (iii) 100,000 new Shares on the third anniversary of the Award Date.

Based on his confirmation, Mr. Fok beneficially holds 1,800,000 Shares as at the Latest Practicable Date. Each of Mr. Fok, Mr. Wong and Dr. Lee holds outstanding options exercisable into 510,000 Shares. Together with the Award Shares, none of them will hold more than 1% of the total issued Shares of the Company as a result of issue of the Award Shares to them, being one of the factors in assessing independence under Rule 3.13 of the Listing Rules.

A total of HK\$93 is payable by Mr. Fok, Mr. Wong and Dr. Lee for subscription of all the Award Shares. There will be no net proceeds (and therefore no net price per Award Share) from issue of the Award Shares after deduction of expenses. Based on aggregate gross proceeds of HK\$93 and a total of 930,000 Award Shares, the issue price per Award Share is HK 0.01 cent.

Assuming there is no change in the total issued Shares of the Company after the date of this announcement, the 930,000 Award Shares in total represent approximately 0.038% of the total issued Shares of the Company as at the date of this announcement and approximately 0.038% of the total issued Shares of the Company as enlarged by the issue of all the Award Shares. The Award Shares have no nominal value.



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## LETTER FROM THE BOARD

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### REASONS FOR THE ISSUE OF AWARD SHARES

The independent non-executive Directors were paid Director's fees (Mr. Fok: HK\$330,000; Mr. Wong: HK\$300,000; and Dr. Lee: HK\$300,000) for the year ended 31 March 2014. The proposed issue of the new Award Shares provides an additional form of reward for their contribution to the Group. The number of Award Shares were determined by the Board taking into consideration factors such as market practices, years of service, role and responsibilities and contribution of each independent non-executive Director. The Board (excluding the independent non-executive Directors) is of the view that the terms of issue of the Award Shares to Mr. Fok, Mr. Wong and Dr. Lee are fair and reasonable and in the interests of the Shareholders as a whole.

### LISTING RULES IMPLICATIONS

Mr. Fok, Mr. Wong and Dr. Lee, being Directors, are connected persons of the Company. Accordingly, the issue of Award Shares is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. An EGM will be convened at which Independent Shareholders will consider and vote by way of poll on the issue of the Award Shares to Mr. Fok, Mr. Wong and Dr. Lee respectively. Each of Mr. Fok, Mr. Wong and Dr. Lee, and their respective associates, are required to abstain from voting on the relevant resolution in respect of issue of the Award Shares. The Independent Financial Adviser has been appointed to advise the Independent Shareholders as to whether the terms of issue of the Award Shares are fair and reasonable and whether they are in the interests of the Company and the Shareholders as a whole, and as to how to vote.

Mr. Fok, Mr. Wong and Dr. Lee, being the awardees of the Award Shares, are considered as having material interests in the proposed issue and therefore will not provide any recommendation to the Independent Shareholders on the terms of issue of the Award Shares and as to how to vote. Each of Mr. Fok, Mr. Wong and Dr. Lee has abstained from voting on the Board resolution approving his award.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Award Shares to be issued to Mr. Fok, Mr. Wong and Dr. Lee.

### EXTRAORDINARY GENERAL MEETING

The EGM Notice is set out on pages 27 to 28 of this circular. Ordinary resolutions in respect of the issue of the relevant Award Shares to Mr. Fok, Mr. Wong and Dr. Lee will be proposed at the EGM. Any connected person with a material interest in the grant of Award Shares, and any Shareholder with a material interest in the grant of Award Shares and their respective associates, will not vote on the resolutions to be proposed at the EGM.

Mr. Fok, Mr. Wong and Dr. Lee, being the awardees of the Award Shares, are considered as having material interests in the grant of Award Shares. As at the Latest Practicable Date, Mr. Fok beneficially holds, and controls the voting rights in 1,800,000 Shares. As such, Mr. Fok and his associate(s) are required to abstain from voting at the EGM. Mr. Wong and Dr. Lee have confirmed that they do not hold any Shares as at the Latest Practicable Date. In any event, if they or their respective associate(s) hold any Shares on the date of the EGM, they will be required to abstain from voting at the EGM. The Controlling Shareholder has indicated that he intends to vote in favour of all of the ordinary resolutions to be proposed at the EGM in respect of his shareholdings in the Company.

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## LETTER FROM THE BOARD

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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 will 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 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. Therefore, all the resolutions set out in the EGM Notice will be voted by way of poll.

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

Having considered the reasons set out in the section headed "Reasons for the Issue of Award Shares" in this circular, the Directors (excluding the independent non-executive Directors) is of the view that the terms of issue of the Award Shares to Mr. Fok, Mr. Wong and Dr. Lee are fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Directors (excluding the independent non-executive Directors) recommend all Independent Shareholders to vote in favour of all of the ordinary resolutions to be proposed at the EGM.

### GENERAL INFORMATION

Your attention is drawn to the letter from Hercules Capital set out on pages 9 to 21 of this circular, and the additional information set out in the Appendix to this circular.

Yours faithfully,

By order of the Board

**Cheung Ka Sing, Cassian**

*Executive Director and Chief Executive Officer*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from the Independent Financial Adviser, for incorporation in this circular, setting out its recommendation to the Independent Shareholders in relation to the issue of the Award Shares.*

***Hercules***  
**Hercules Capital Limited**

1503 Ruttonjee House  
11 Duddell Street  
Central  
Hong Kong

16 July 2014

*To the Independent Shareholders*

Dear Sirs,

### **CONNECTED TRANSACTIONS INVOLVING ISSUE OF SHARES TO DIRECTORS**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Shareholders with respect to the issue of the Award Shares by the Company, details of which are set out in the letter from the Board contained in the Company's circular dated 16 July 2014 to the Shareholders (the "Circular"), of which this letter forms part. Capitalized terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 30 June 2014, the Company announced that it, on the Award Date, conditionally awarded the Award Shares to Mr. Fok, Mr. Wong and Dr. Lee, being all the independent non-executive Directors, subject to conditions and compliance with the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Fok, Mr. Wong and Dr. Lee, being Directors, are connected persons of the Company. Accordingly, the issue of the Award Shares by the Company is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. An EGM will be convened, at which Independent Shareholders will consider and vote by way of poll on the issue of the Award Shares to Mr. Fok, Mr. Wong and Dr. Lee respectively. Mr. Fok, Mr. Wong and Dr. Lee, all of them being the awardees of the Award Shares, are considered as having material interests in the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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grant of Award Shares. As at the Latest Practicable Date, Mr. Fok beneficially held, and controlled the voting rights in, 1,800,000 Shares. As such, Mr. Fok and his associate(s) are required to abstain from voting at the EGM. Mr. Wong and Dr. Lee have confirmed that they did not hold any Share as at the Latest Practicable Date. In any event, if they or their respective associate(s) hold any Share on the date of the EGM, they will be required to abstain from voting at the EGM. The Controlling Shareholder has indicated that he intends to vote in favour of all of the ordinary resolutions to be proposed at the EGM in respect of his shareholdings in the Company.

By virtue of their material interests in the proposed issue of the Award Shares, Mr. Fok, Mr. Wong and Dr. Lee will not provide any recommendation to the Independent Shareholders on the terms of issue of the Award Shares and as to how to vote in the EGM. We, Hercules Capital Limited, have been appointed to advise the Independent Shareholders in respect of the issue of the Award Shares, in particular as to whether the terms of issue of the Award Shares are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We are not associated with the Company, Mr. Fok, Mr. Wong, Dr. Lee or their respective associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Company, Mr. Fok, Mr. Wong, Dr. Lee or their respective associates.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the EGM. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the 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 in the Circular misleading.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that such information may be relied upon in formulating our opinion. We have not, however, for the purposes of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion and that we do not have any obligation to update, revise or reaffirm this opinion.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the issue of the Award Shares, we have considered the following principal factors and reasons:

**1. Background information of the awardees**

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 as well as develops mobile and online games.

The awardees are the independent non-executive Directors. We have reviewed their appointment letters and noted that their major responsibilities include, but not limited to, (i) participating in the meetings of the Board to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; (ii) taking the lead where potential conflicts of interests arise; (iii) serving on the audit, remuneration, nomination and other governance committees, if invited; and (iv) scrutinizing the performance of the Company in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Board meets regularly and holds quarterly meetings to review and consider the Company's operations, financial results and other relevant matters identified by the Directors. The Board has established an audit committee, a remuneration committee, a nomination committee and several other committees as integral elements of good corporate governance and to oversee relevant aspects of the affairs of the Company. For the year ended 31 March 2014, four Board meetings, two audit committee meetings, one annual general meeting and two extraordinary general meetings were held.

The profiles of the awardees are summarised as follows:

Mr. Fok has been an independent non-executive Directors since June 2000 and is the chairman of the remuneration committee and a member of the audit committee and the nomination committee. He holds a Master of Science degree and a Master of Business Administration degree, both from the University of Wisconsin, and has over 25 years of experience in the securities industry. He is currently the owner of T&F Equities Limited.

Mr. Wong has been an independent non-executive Director since January 2009 and is the chairman of the nomination committee and a member of the audit committee. Mr. Wong attained a Bachelor of Arts degree from George Washington University and a Master degree from Columbia University, and did further graduate studies at Harvard University's Kennedy School of Government. He is currently the President of the Asia region for Scholastic Inc. Prior to that, he held various general management and brand management positions in multinational companies in the United States of America and the People's Republic of China such as Pepsi, Nabisco and Colgate Palmolive. He is a member of the International Advisory Council of George Washington University's School of Public & International Affairs and Governor of the American Chamber of Commerce in Hong Kong.

Dr. Lee has been an independent non-executive Director since March 2009 and is the chairman of the audit committee and a member of the remuneration committee. Dr. Lee obtained a Master of Arts degree in international accounting from the City University of Hong Kong, a Master of Arts degree in English for the professions and a Doctorate degree in business administration, both from the Hong Kong Polytechnic University, and a Master of Science degree in electronic commerce and internet computing from the University of Hong Kong. He has extensive experience in strategic management, merger and acquisitions, assurance and financial advisory work, particularly in the areas of marketing communications and media industry. Dr. Lee is a fellow member of the Chartered Association of Certified Accountants U.K. and the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England and Wales.

Having considered the responsibilities, the experiences and the past performance of the awardees, the Company considers that the awardees possess the professional qualifications and expertise to act as independent non-executive Directors and they have exercised independent judgment concerning issues of strategy, policy, performance and standards of conduct when participating in the Board meetings and the committee meetings.

**2. Reasons for the issue of the Award Shares**

According to the Company, the purposes of granting the Award Shares are to recognize and motivate the contribution of the independent non-executive Directors, to provide incentives and help the Group in retaining those board members and to provide them with a direct economic interest in attaining the long-term business objectives of the Group.

We understand from the management of the Company that the independent non-executive Directors are entitled to an annual director's fee in an amount recommended by the remuneration committee and determined by the Board, together with additional fees for serving on the Board committees. It is the policy of the Company to determine the fees of the independent non-executive Directors in line with market practice and reflect the workload, job complexity and responsibilities involved.

We were advised by the management of the Company that the Company has considered other alternatives to reward the independent non-executive Directors, including cash payment and grant of share options. However, as cash payment will incur cash outflow by the Company and it cannot serve the purpose of giving rewards in equity form to enable the awardees to enjoy the potential growth of the Company, the Company considers that cash payment is not a preferable means for rewarding the independent non-executive Directors. Meanwhile, as compared to granting of share options, the Company considers that granting of Award Shares is more attractive to awardees as they can enjoy the economical benefits more directly by realizing the Shares anytime after obtaining such Shares with minimal upfront cash payment for subscription of the Shares. On the other hand, it may take more time for the awardees to exercise the options and obtain the Shares before they can realize them and it will involve an upfront cash payment by the awardees for exercising the options. Moreover, since the share options granted by the Company to the independent non-executive Directors in December 2010 were out-of-money during most of the time of the vesting period and were still out-of-money as at the Latest Practicable Date, the Company expected that the motivational effects of granting share options to the independent non-executive Directors are limited. Given



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the Company intends to attract, motivate and retain the independent non-executive Directors to participate in, and contribute to, the future development and growth of the Group with minimal cash outflow by the Company, the Company considers, and we concur with its view, that the issue of the Award Shares is an appropriate means to award the independent non-executive Directors.

Based on our research on the information provided in the website of the Stock Exchange, we noted that it is not uncommon for the companies listed on the Stock Exchange to issue shares to their employees (including directors) as rewards for employees' contributions. Details of the issues of shares by listed companies to employees (including directors) as rewards during the period from 1 April 2014, being three months immediately prior to the Award Date, to the Latest Practicable Date are set out in the section "3. Principal terms of the issue of the Award Shares" below.

Having considered the reasons and factors mentioned above and the fact that the issue of the Award Shares forms part of the remunerations of the independent non-executive Directors, we consider that the issue of the Award Shares to the independent non-executive Directors is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### **3. Principal terms of the issue of the Award Shares**

The principal terms of the issue of the Award Shares to Mr. Fok are set out as follows:

Number of new Shares conditionally awarded	:	330,000 Shares, representing approximately 0.0136% of the total issued Shares as at the Latest Practicable Date and approximately 0.0136% of the total issued Shares as enlarged by the issue of all the Award Shares (assuming no changes in the total issued Shares of the Company between the Latest Practicable Date and the date of issue of all Award Shares)
Subscription price	:	As the Shares are to be issued as awards, a nominal amount of HK\$11 will be payable by Mr. Fok on each issue of the Award Shares
Value of Award Shares	:	HK\$280,500 in aggregate, which is calculated based on the closing price of the Shares of HK\$0.85 each on the Award Date



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- Conditions and timing of issue : Subject to Mr. Fok remaining as a Director on each issue date, the new Shares will be issued in accordance with the following timetable:
- (i) 110,000 new Shares on the first anniversary of the Award Date;
  - (ii) 110,000 new Shares on the second anniversary of the Award Date; and
  - (iii) 110,000 new Shares on the third anniversary of the Award Date.

The principal terms of the issue of the Award Shares to each of Mr. Wong and Dr. Lee are set out as follows:

- Number of new Shares conditionally awarded : 300,000 Shares, representing approximately 0.0123% of the total issued Shares as at the Latest Practicable Date and approximately 0.0123% of the total issued Shares as enlarged by the issue of all the Award Shares (assuming no changes in the total issued Shares of the Company between the Latest Practicable Date and the date of issue of the Award Shares)
- Subscription price : As the Shares are to be issued as awards, a nominal amount of HK\$10 will be payable by Mr. Wong and Dr. Lee (as the case may be) on each issue of the Award Shares
- Value of Award Shares : HK\$255,000 in aggregate, which is calculated based on the closing price of the Shares of HK\$0.85 each on the Award Date
- Conditions and timing of issue : Subject to Mr. Wong and Dr. Lee (as the case may be) remaining as a Director on each issue date, the new Shares will be issued in accordance with the following timetable:
- (i) 100,000 new Shares on the first anniversary of the Award Date;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) 100,000 new Shares on the second anniversary of the Award Date; and
- (iii) 100,000 new Shares on the third anniversary of the Award Date.

The number of Award Shares was determined by the Board taking into consideration of the factors such as market practices, years of service, role and responsibilities and contribution of each independent non-executive Director. We understand from the management of the Company that as Mr. Fok serves on three Board committees while each of Mr. Wong and Dr. Lee serves on two Board committees only, the number of Award Shares proposed to be granted to Mr. Fok is more than those of Mr. Wong and Dr. Lee.

As at the Latest Practicable Date, Mr. Fok beneficially held 1,800,000 Shares and each of Mr. Fok, Mr. Wong and Dr. Lee held outstanding options exercisable into 510,000 Shares. None of Mr. Fok, Mr. Wong and Dr. Lee will hold more than 1% of the total issued share capital of the Company as a result of the issue of the Award Shares to them.

To assess the fairness and reasonableness of the terms of the issue of the Award Shares, we have compared such terms with those of other share awards granted by comparable companies which are listed on the Stock Exchange. Based on the information available from the Stock Exchange's website, we have, to our best knowledge, identified seven comparable companies (the "Grant Comparables") which had announced the granting of award shares to their employees and/or directors during the period from 1 April 2014, being three months immediately preceding the Award Date, to the Latest Practicable Date for comparison purposes.

A comparison of the terms of the issue of the Award Shares and those of the Grant Comparables is set out in Table 1 below.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**Table 1 – Issue Terms of the Grant Comparables and the Company**

Company name (stock code)	Date of announcement	Awardee(s)	Percentage of total number of award shares to the total issued share capital	Percentage of number of award shares to each individual awardee to the total issued share capital	Vesting period
Tencent Holdings Limited (700)	10 July 2014	Eligible persons who are not connected persons of the company	0.21%	N/A <sup>Note</sup>	Not mentioned
China Huiyuan Juice Group Limited (1886)	3 July 2014	An employee	0.06%	0.06%	Not mentioned
Powerlong Real Estate Holdings Limited (1238)	29 May 2014	Executive directors and employees	0.22%	In the range of 0.01% and 0.02% for the directors <sup>Note</sup>	Around 3 years, of which 50% vest on 1 July 2016 and 50% vest on 1 July 2017
Semiconductor Manufacturing International Corporation (981)	29 April 2014	An executive director	0.10%	0.10%	4 years
Biostime International Holdings Limited (1112)	22 April 2014	Employees	0.21%	N/A <sup>Note</sup>	Around 8 months from the date of grant
PanAsialum Holdings Company Limited (2078)	16 April 2014	Employees	0.26%	N/A <sup>Note</sup>	1 day from the date of grant
PCCW Limited (8)	11 April 2014	Employees	0.14%	N/A <sup>Note</sup>	Not mentioned
		Minimum	0.06%	0.01%	1 day
		Maximum	0.26%	0.10%	4 years
the Company (282)	30 June 2014	Independent non-executive Directors	0.04%	0.01%	3 years

*Source: the website of the Stock Exchange*

*Note:* No percentages of number of award shares to each individual awardee to the total issued share capital in relation to the employees are available as such information was not disclosed in the announcements of the Grant Comparables.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As shown in Table 1, the percentage of total number of award shares to the total issued share capital of the Grant Comparables ranges from approximately 0.06% to 0.26% while the percentage of number of award shares to each individual awardee to the total issued share capital of the Grant Comparables ranges from approximately 0.01% to 0.10%. The vesting period of the Grant Comparables ranges from 1 day to 4 years. The percentage of total number of Award Shares to the total issued share capital of the Company of 0.04% is lower than the minimum of the Grant Comparables of 0.06% and the percentage of number of award shares to each awardee to the total issued share capital of the Company of approximately 0.01% is the same as the minimum of the Grant Comparables of 0.01%. The vesting period of the Company falls within the range of the vesting period of the Grant Comparables.

To further assess the fairness and reasonableness of the terms of the issue of the Award Shares, we have also compared such terms with those of the share award schemes adopted by comparable companies which are listed on the Stock Exchange. Based on the information available from the Stock Exchange's website, we have, to our best knowledge, identified twelve comparable companies (the "Scheme Comparables") which had announced the adoption of share award scheme during the period from 1 April 2014, being three months immediately preceding the Award Date, to the Latest Practicable Date for comparison purposes.

A comparison of the terms of the issue of the Award Shares and those of the share award schemes adopted by the Scheme Comparables is set out in Table 2 below.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**Table 2 – Issue Terms of the Scheme Comparables and the Company**

Company name (stock code)	Date of announcement	Eligible persons	Maximum scheme limit (% to the total issued share capital)	Maximum individual entitlement (% to the total issued share capital)	Consideration per award share	Vesting period
Phoenix Healthcare Group Co. Ltd. (1515)	7 July 2014	Any of the (i) key management personnel including directors and senior management of the group; (ii) employed experts; and (iii) core employees of the group	5.00%	1.00%	Nil	Not mentioned
Landsea Green Properties Co., Ltd. (106)	2 July 2014	Any employee or director of any member of the group	10.00%	Not mentioned	Nil	Not mentioned
Skyworth Digital Holdings Limited (751)	24 June 2014	Any employee, executive or officer or director of any member of the group	2.00%	1.00%	Nil	Not mentioned
Far East Horizon Limited (3360)	11 June 2014	Senior and middle management personnel and other key employees of the group	6.00%	Not mentioned	Nil	4 years
Belle International Holdings Limited (1880)	26 May 2014	Member of management of any member of the group	3.00%	0.1%	Nil	Not mentioned
Freotech Road Recycling Technology (Holdings) Limited (6888)	16 May 2014	Employees (including executive directors)	3.00%	1.0%	Nil	Not mentioned
Brightoil Petroleum (Holdings) Limited (933)	14 May 2014	Any employees, executive or officer or directors of any member of the group	2.00%	0.5%	Nil	Not mentioned
O-net Communications (Group) Limited (877)	9 May 2014	Any employee or director or any member of the group	10.00%	Not mentioned	Nil	Not mentioned
Pou Sheng International (Holdings) Limited (3813)	9 May 2014	Any employee, executive or officer or director of any member of the group	2.00%	1.0%	Nil	Not mentioned
Haier Electronics Group Company Limited (1169)	15 April 2014	Directors and employees	1.87%	0.2%	Nil	Not mentioned
Sa Sa International Holdings Limited (178)	11 April 2014	Employees (including executive directors)	5.00%	1.0%	Nil	Not mentioned
Hidili Industry International Development Limited (1393)	1 April 2014	Employees (including executive directors)	3.91%	1.0%	Nil	Not mentioned
		Minimum	1.87%	0.10%	Nil	N/A
		Maximum	10.00%	1.00%	Nil	N/A
<b>the Company (282)</b>	<b>30 June 2014</b>	<b>Independent non-executive Directors</b>	<b>0.04%</b>	<b>0.01%</b>	<b>HK\$0.0001 per Award Share</b>	<b>3 Years</b>

*Source: the website of the Stock Exchange*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As shown in Table 2, the maximum scheme limit of the Scheme Comparables ranges from approximately 1.87% to 10.00% while the maximum individual entitlement ranges from approximately 0.10% to 1.00%. No considerations are required under all the Scheme Comparables. Both the percentage of total Award Shares to total issued share capital of the Company of approximately 0.04% and the percentage of Award Shares awarded to each individual awardee to total issued share capital of the Company of approximately 0.01% fall below the respective minimum percentage of those of the Scheme Comparables. Moreover, a minimal consideration in aggregate of HK\$93 is payable by the awardees under the terms of the issue of the Award Shares. As only one out of the twelve Scheme Comparables has indicated the vesting period in its announcement, we consider that the sample size for comparables of vesting period under the Scheme Comparables is too small and a comparison based on which will not be meaningful.

The above comparisons with the Grant Comparables and the Scheme Comparables are for illustrative purposes only as each of the Grant Comparables and the Scheme Comparables may not be entirely comparable to the Group in terms of business activities, market capitalization, scale of operations, financial positions, business performance, future prospects and other relevant criteria. All these factors may affect the terms of issues of award shares as indicated by the varied range of result in our comparison. Therefore, in forming our opinion, we have considered the results of the above comparison together with all other factors stated in this letter as a whole.

Having considered the abovementioned factors and the facts that the Award Shares will only be issued to the awardees who remains as a Director on the issue date and none of the awardees will hold more than 1% of the total issued share capital of the Company as a result of the issue of the Award Shares, we consider that the terms of the issue of the Award Shares are fair and reasonable so far as the Independent Shareholders are concerned and it is on normal commercial terms.

#### **4. Potential dilution to the shareholdings of the existing public Shareholders**

As at the Latest Practicable Date, Mr. Fok beneficially held 1,800,000 Shares, representing approximately 0.07% of the existing share capital of the Company. Assuming there would be no changes in the issued share capital of the Company after the Latest Practicable Date and upon issue of all the Award Shares, Mr. Fok, Mr. Wong and Dr. Lee will be interested in a total of 2,730,000 Shares, representing approximately 0.11% of the issued share capital of the Company as enlarged by the issue of the Award Shares.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Given that the dilution effect on the shareholdings of the existing public Shareholders is immaterial and the reasons for, and the terms of, the issue of the Award Shares are fair and reasonable, we consider that the dilution effect on the shareholdings of the existing public Shareholders is acceptable and is fair and reasonable so far as the Independent Shareholders are concerned.

### RECOMMENDATION

Having considered the principal factors and reasons stated above, we are of the view that the issue of the Award Shares is on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favor of the resolutions to be proposed at the EGM to approve the issue of the Award Shares.

Yours faithfully,

For and on behalf of

**Hercules Capital Limited**

**Louis Koo**

*Managing Director*

**Amilia Tsang**

*Director*

*Notes:*

1. Mr. Louis Koo is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 20 years of experience in investment banking and corporate finance.
2. Ms. Amilia Tsang is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 15 years of experience in corporate finance, investment and corporate management.

## 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 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	Personal interests	Number of Shares			Interests in underlying Shares/ equity derivatives	Total Shares	Percentage of Company's issued share capital
		Family interests	Corporate interests	Other interests			
Lai Chee Ying, Jimmy	1,720,594,935	-	1,000,000	64,938,230	-	1,786,533,165	73.49
Cheung Ka Sing, Cassian	18,172,000	-	-	-	19,000,000 (Note 1)	37,172,000	1.53
Ting Ka Yu, Stephen	90,314	-	-	-	3,118,000 (Note 1)	3,208,314	0.13
Ip Yut Kin	10,200,377	2,630,000	-	-	2,500,000	15,330,377	0.63
Fok Kwong Hang, Terry	2,130,000 (Note 2)	-	-	-	510,000 (Note 1)	2,640,000	0.11
Wong Chi Hong, Frank	300,000 (Note 2)	-	-	-	510,000 (Note 1)	810,000	0.03
Lee Ka Yam, Danny	300,000 (Note 2)	-	-	-	510,000 (Note 1)	810,000	0.03



**(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			Other interests	Interests in underlying Shares/ equity derivatives	Total Shares	Percentage of issued share capital
		Family interests	Corporate interests					
Ting Ka Yu, Stephen	108,344 (Note 3)	-	-		-	-	108,344	1.00
Ip Yut Kin	216,688 (Note 3)	-	-		-	-	216,688	2.00

*nxTomo Ltd. ("nxTomo")*

Name of Director/ Chief Executive	Personal interests	Number of Shares			Other interests	Interests in underlying Shares/ equity derivatives	Total Shares	Percentage of issued share capital
		Family interests	Corporate interests					
Cheung Ka Sing, Cassian	-	-	-		-	50,000 (Note 4)	-	0.50

*nxTomo Games Limited ("nxTomo Games")*

Name of Director/ Chief Executive	Personal interests	Number of Shares			Other interests	Interests in underlying Shares/ equity derivatives	Total Shares	Percentage of issued share capital
		Family interests	Corporate interests					
Cheung Ka Sing, Cassian	-	-	-		-	50,000 (Note 5)	-	0.50

*Notes:*

1. These interests represent options granted to the Directors as beneficial owners under the share option scheme adopted by the Company on 30 July 2007, details of which are set out in the section headed "Share Incentive Schemes" of the annual report of the Company for the financial year ended 31 March 2014.
2. These interests represent the shares of the Company beneficially held by the Directors (if any) and the Award Shares.
3. These interests represent the shares of ADPDL issued to the Directors upon the exercise of options granted under the share option scheme adopted by ADPDL on 30 July 2007.
4. These interests represent options granted to the Director as a beneficial owner under the share option scheme adopted by nxTomo on 14 June 2013, details of which are set out in the section headed "Share Incentive Schemes" of the annual report of the Company for the financial year ended 31 March 2014.

5. These interests represent options granted to the Director as a beneficial owner under the share option scheme adopted by nxTomo Games on 20 February 2008, details of which are set out in the section headed "Share Incentive Schemes" of the annual report of the Company for the financial year ended 31 March 2014.

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)	73.49

*Note:* These represent the same total number of Shares held by Mr. Lai Chee Ying, Jimmy ("Mr. Lai") 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, 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, none of the Directors was materially interested in any contracts or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 31 March 2014, 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 at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2014, the date to which the latest published audited accounts of the Group have been made up.

### **6. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has entered, or is proposing to enter, into any service contract with any member the Group which does not expire or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

**7. EXPERT**

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

<b>Name</b>	<b>Qualification</b>
Hercules Capital	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, Hercules Capital 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) Hercules Capital 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, Hercules Capital was not interested, directly or indirectly, in any assets which had since 31 March 2014 (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.

**8. MISCELLANEOUS**

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### 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 Thursday, 31 July 2014 at 3:30 p.m. (or immediately after the conclusion of an annual general meeting of the Company to be held at 3:00 p.m. on the same day) to consider and, if thought fit, passing, with or without amendments, the following ordinary resolutions:-

#### ORDINARY RESOLUTIONS

1. "THAT the allotment and issue of an aggregate of 330,000 ordinary shares of the Company ("Shares") to Mr. Fok Kwong Hang, Terry, an independent non-executive director of the Company, at an aggregate subscription price of HK\$33, subject to obtaining approval for the listing of and permission to deal in such new Shares and certain vesting conditions, be and is hereby approved and the directors of the Company ("Directors") be and are hereby authorised to do all such acts and things as may be necessary, desirable or expedient in order to give effect to the allotment and issue of the said Shares to Mr. Fok Kwong Hang, Terry."
2. "THAT the allotment and issue of an aggregate of 300,000 Shares to Mr. Wong Chi Hong, Frank, an independent non-executive director of the Company, at an aggregate subscription price of HK\$30, subject to obtaining approval for the listing of and permission to deal in such new Shares and certain vesting conditions, be and is hereby approved and the Directors be and are hereby authorised to do all such acts and things as may be necessary, desirable or expedient in order to give effect to the allotment and issue of the said Shares to Mr. Wong Chi Hong, Frank."
3. "THAT the allotment and issue of an aggregate of 300,000 Shares to Dr. Lee Ka Yam, Danny, an independent non-executive director of the Company, at an aggregate subscription price of HK\$30, subject to obtaining approval for the listing of and permission to deal in such new Shares and certain vesting conditions, be and is hereby approved and the Directors be and are hereby authorised to do all such acts and things as may be necessary, desirable or expedient in order to give effect to the allotment and issue of the said Shares to Dr. Lee Ka Yam, Danny."

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

Hong Kong, 16 July 2014

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at or after 1:30 p.m. on 31 July 2014 and/or the Hong Kong Observatory has announced at or before 1:30 p.m. on 31 July 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 1:30 p.m. to 3:30 p.m. and in such case the EGM shall be held at 3:30 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.