
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
SALE OF A MAJORITY STAKE IN ANIMATION BUSINESS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser

VEDA | CAPITAL
智 略 資 本

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 Friday, 2 September 2011 at 3:30 p.m. is set out on pages 37 to 38 of this circular.

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.

15 July 2011

CONTENTS

	<i>PAGE</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	15
LETTER FROM VEDA CAPITAL	16
APPENDIX 1 — FINANCIAL INFORMATION OF THE GROUP	28
APPENDIX 2 — GENERAL INFORMATION	30
NOTICE OF EXTRAORDINARY GENERAL MEETING	37

DEFINITIONS

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

“Advertising Services”	the advertising related services which may from time to time be provided by the Group to the NMAL Group pursuant to the Business Framework Agreement
“Animation Services”	the animation production related services which may from time to time be provided by the NMAL Group to the Group pursuant to the Business Framework Agreement
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time
“Associate(s)”	the meaning ascribed thereto under the Listing Rules
“AtNext”	AtNext Limited, a private company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company
“Board”	the board of directors of the Company
“Business Framework Agreement”	the business framework agreement to be entered into between the Company and NMAL after Completion in respect of the provision of Animation Services, Advertising Services and Supporting Services
“Chairman”	the chairman of the Board
“Company”	Next Media Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the S&P Agreement
“Consideration”	US\$100,000,000 (equivalent to approximately HK\$776,000,000)
“CWH”	Colored World Holdings Limited, a private company incorporated under the laws of the British Virgin Islands with limited liability
“CWH Group”	CWH, NMAL, NMAI and Key Matrix
“Director(s)”	the director(s) of the Company
“EGM Notice”	the notice convening the Extraordinary General Meeting, which is set out on pages 37 to 38 of this circular

DEFINITIONS

“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 3:30 p.m. on Friday, 2 September 2011 at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong
“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
“Independent Board Committee”	the independent committee of the Board comprising Dr. Lee Ka Yam, Danny, Mr. Fok Kwong Hang, Terry and Mr. Wong Chi Hong, Frank, all being the independent non-executive Directors, formed to advise the Independent Shareholders on the Sale
“Independent Shareholders”	Shareholders other than Mr. Lai and his Associates
“Key Matrix”	Key Matrix Limited, a private company incorporated under the laws of Hong Kong with limited liability and a direct wholly owned subsidiary of CWH
“Latest Practicable Date”	13 July 2011, the latest practicable date for ascertaining certain information for inclusion in this circular
“Lease Agreement”	the lease agreement to be entered into between Next TV as the landlord and the Taiwan Branch of NMAL as the tenant after Completion in respect of the Properties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2012, or such other date as AtNext, STV and Mr. Lai may agree in writing
“Mr. Lai”	Mr. Lai Chee Ying, Jimmy, an executive Director, the Chairman and the controlling Shareholder of the Company holding 1,786,133,165 Shares as at the Latest Practicable Date, representing approximately 74.04% of the total issued Shares
“Next TV”	Next TV Broadcasting Limited, a private company incorporated under the laws of Taiwan with limited liability and an indirect wholly-owned subsidiary of the Company
“NMAI”	Next Media Animation, Inc, a corporation incorporated under the laws of Delaware and a direct wholly owned subsidiary of NMAL

DEFINITIONS

“NMAL”	Next Media Animation Limited, a private company incorporated under the laws of Hong Kong with limited liability and a direct wholly owned subsidiary of CWH
“NMAL Group”	NMAL and its subsidiaries from time to time
“Properties”	the properties with a total floor area of approximately 2,213 square meters located at 2/F., 3/F. and 9/F., No.39, Lane 141, Xingai Road, Neihu, Taipei City, Taiwan (台灣台北市內湖行愛路141巷39號2樓、3樓及9樓)
“S&P Agreement”	the sale and purchase agreement dated 10 June 2011 entered into between AtNext as the vendor, STV as the purchaser and Mr. Lai as the guarantor for the obligations of STV in respect of the Sale, as amended by the Side-letter
“Sale”	the sale of the Sale Shares pursuant to the S&P Agreement
“Sale Shares”	70 shares of US\$1.00 each in the capital of CWH, representing 70% of the entire issued share capital of CWH
“SFO”	Securities and Futures Ordinance (Cap.571, Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Side-letter”	the side-letter dated 4 July 2011 entered into between AtNext as the vendor, STV as the purchaser and Mr. Lai as the guarantor for the obligations of STV in respect of the Sale to amend certain terms of the S&P Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“STV”	Sum Tat Ventures Limited, a private company incorporated under the laws of the British Virgin Islands with limited liability and 100% beneficially owned by Mr. Lai, who is an executive Director, the Chairman and the controlling Shareholder of the Company
“Supporting Services”	the accounting, company secretarial, legal, human resources and general administrative services which may from time to time be provided by the Group to the NMAL Group pursuant to the Business Framework Agreement
“Taiwan”	Republic of China

DEFINITIONS

“US\$”	United States Dollars, the lawful currency of the United States of America
“Veda Capital”	Veda Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale
“%”	per cent

Note: The exchange rate of HK\$7.76 to US\$1.00 is used for reference only.

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

Executive Directors:

Lai Chee Ying, Jimmy (*Chairman*)
Chu Wah Hui (*Chief Executive Officer*)
Cheung Ka Sing, Cassian
(*Co-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:

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

15 July 2011

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
SALE OF A MAJORITY STAKE IN ANIMATION BUSINESS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

In an announcement dated 10 June 2011, the Directors announced that on 10 June 2011, AtNext, an indirect wholly owned subsidiary of the Company, entered into the S&P Agreement with STV and Mr. Lai (as the guarantor for the obligations of STV) pursuant to which AtNext has conditionally agreed to sell and STV has conditionally agreed to purchase the Sale Shares at a consideration of US\$100.0 million (equivalent to approximately HK\$776.0 million). The Directors also announced on 4 July 2011 that pursuant to the Side-letter, (a) the long stop date of the Sale has been extended from 30 September 2011 to 31 March 2012 (or such other date as the parties to the S&P Agreement may agree); and (b) the date of Completion has been amended so that Completion will take

LETTER FROM THE BOARD

place on a date after satisfaction or waiver of conditions precedent in the S&P Agreement to be notified seven business days in advance by STV but in any event not later than 31 December 2011.

The purpose of this circular is to (a) provide you with details of the Sale, (b) set out the advice of Veda Capital to the Independent Board Committee and the Independent Shareholders relating to the Sale, (c) set out the recommendation of the Independent Board Committee to Independent Shareholders relating to the Sale and (d) give you notice of the Extraordinary General Meeting.

SALE OF A MAJORITY STAKE IN ANIMATION BUSINESS

Date	10 June 2011
Parties	(1) AtNext (as vendor) (2) STV (as purchaser) (3) Mr. Lai (as guarantor for the obligations of STV)
Asset to be disposed of	The Sale Shares, being 70 shares of US\$1.00 each in the capital of CWH, representing 70% of the entire issued share capital of CWH.
Consideration	<p>The Consideration is US\$100.0 million (equivalent to approximately HK\$776.0 million). The Consideration will be settled in cash at Completion.</p> <p>The Consideration was determined on an arm's length basis with reference to a valuation in respect of 100% equity interest of the CWH Group in the amount of US\$78.0 million (equivalent to approximately HK\$605.3 million) as at 30 April 2011 conducted by an independent valuer using market approach. The Consideration represents an excess of approximately HK\$879.7 million over the net book value in respect of 70% equity interest of the CWH Group as at 31 May 2011.</p>
Conditions precedent	<p>Completion of the S&P Agreement is conditional upon:</p> <ol style="list-style-type: none">(1) the passing by the Shareholders who are permitted to vote under the Listing Rules of a resolution to approve the S&P Agreement and the transactions contemplated thereby at a general meeting of the Company in accordance with the Listing Rules;(2) the representations, warranties and undertakings made by AtNext under the S&P Agreement remaining true and accurate as at the date of Completion;

LETTER FROM THE BOARD

- (3) STV being satisfied that, from the date of the S&P Agreement to Completion, there has not been any material adverse change in the business, assets and liabilities, financial condition or results of operation of CWH Group.

If the abovementioned conditions precedent are not fulfilled or waived (except for the Shareholders' approval requirement which cannot be waived) by STV by the Long Stop Date, the S&P Agreement shall lapse and no party to the S&P Agreement shall have any claim against the other parties save for any antecedent breaches of the S&P Agreement.

As at the Latest Practicable Date, none of the conditions has been fulfilled or waived.

Completion

Completion will take place on a date (or such other date as the parties to the S&P Agreement may agree) after satisfaction or waiver by STV of the abovementioned conditions precedent to be notified seven business days in advance by STV but in any event not later than 31 December 2011.

Undertaking

Subject to Completion, STV undertakes to AtNext that without the prior written consent of AtNext, STV will not at any time during the period commencing on the date of Completion and ending on, and including, the date that is 12 months after the date of Completion:

- (a) offer, sell, contract to sell, encumber or otherwise transfer or dispose of directly or indirectly the shares of CWH or any interest therein or enter into any swap or other arrangement that transfers to another any of the economic consequences of the shares of CWH or any interest therein, to any person; or
- (b) hold less than 50% of the total issued shares of CWH.

Guarantee

Mr. Lai will guarantee the due and punctual performance of the obligations of STV under the S&P Agreement.

LETTER FROM THE BOARD

SHAREHOLDERS' AGREEMENT

Upon Completion, AtNext, STV, CWH and Mr. Lai (as the guarantor for the obligations of STV) will enter into the Shareholders' Agreement in respect of the affairs of, and their dealings with, the CWH Group and the operations, management and business of the CWH Group. The principal terms of the Shareholders' Agreement are set out below:

Board of directors	<p>The board of CWH shall consist of three (3) directors, of which one (1) director shall be nominated by AtNext and two (2) directors shall be nominated by STV. The chairman of the board of CWH shall be designated by STV.</p> <p>AtNext and STV shall be entitled to nominate one (1) director and two (2) directors respectively to the board of NMAL, NMAI and Key Matrix, being the subsidiaries of CWH.</p>
Anti-dilution protection	<p>If CWH intends to issue or grant any new shares, options or other securities of any nature (together "New Securities"), such New Securities shall first be offered to the existing shareholders of CWH in accordance with their respective pro rata share in CWH.</p>
Pre-emptive right	<p>A shareholder of CWH shall not, without having obtained the prior written consent of the other shareholders of CWH, offer, sell, contract to sell, encumber or otherwise transfer or dispose of directly or indirectly the shares of CWH or any interest therein or enter into any swap or other arrangement that transfers to another any of the economic consequences of the shares of CWH or any interest therein.</p>
Right of first refusal	<p>If a shareholder of CWH intends to sell all or part of its shares in CWH to a third party, all other shareholders are entitled to a right of first refusal to purchase all (but not some only) of the shares in and the relevant shareholder's loan (if any) attributable to such shares which the transferring shareholder intends to dispose of on the terms and conditions not more favourable to a third party purchaser.</p>
Co-sale right	<p>If a transferring shareholder sells all or part of its shares to a third party purchaser, the remaining shareholder is entitled to participate in such sale for a proportion of all the shares held by such remaining shareholder and the corresponding proportion of the shareholder's loan (if any) held by such remaining shareholder on the same terms and conditions as specified in the transfer notice given by the transferring shareholder to the other shareholders of CWH.</p>

LETTER FROM THE BOARD

Compliance with the Listing Rules	The exercise of various rights (including the pre-emptive right, the right of first refusal and the co-sale right) by any of the shareholders of CWH under the Shareholders' Agreement is subject to compliance with the Listing Rules if required.
Reserved matters	Certain actions (including material change in the scope of business of the CWH Group and variation of the share capital of any member of the CWH Group) shall not be taken without approval by each of AtNext and STV in a general meeting or at least a director nominated by AtNext and a director nominated by STV.
Financing	<p>Shareholders of CWH are not obliged to provide any additional finance or financial assistance to any member of the CWH Group or to subscribe for any securities in CWH or to make any loans to or transfer any assets to any member of the CWH Group or to guarantee or provide security for any obligations of any member of the CWH Group or to indemnify any third party in respect of such obligations.</p> <p>In the event that CWH requires additional finance, subject to the approval of the board of directors of CWH, each shareholder of CWH agrees to provide financing by way of shareholder's loan provided that:</p> <ul style="list-style-type: none">(a) it will not be required to make any advance in excess of its pro rata share of the total amount required by the board of directors of CWH to be advanced; and(b) the terms of such shareholder's loan shall be on normal commercial terms or better to AtNext or if another subsidiary of the Company is a shareholder at the relevant time, to that subsidiary.
Guarantee	Mr. Lai will guarantee the due and punctual performance of the obligations of STV under the Shareholders' Agreement.
Termination	<p>The Shareholders' Agreement shall terminate:</p> <ul style="list-style-type: none">(a) immediately by mutual agreement in writing of all the shareholders of CWH; or(b) immediately if an effective resolution is passed to wind up CWH or if a liquidator is otherwise appointed; or

LETTER FROM THE BOARD

- (c) in respect of a defaulting shareholder only, if a non-defaulting shareholder serves a written notice on the defaulting shareholder upon an event of default as stipulated in the Shareholders' Agreement; or
- (d) immediately if any shareholder of CWH ceases to hold any shares in CWH.

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF ANIMATION SERVICES, ADVERTISING SERVICES, SUPPORTING SERVICES AND LEASING

After Completion, (a) the Company and NMAL will enter into the Business Framework Agreement in respect of the Animation Services to be rendered by the NMAL Group to the Group and the Advertising Services and the Supporting Services to be rendered by the Group to the NMAL Group after completion of the S&P Agreement; and (b) the Taiwan Branch of NMAL and Next TV will enter into a Lease Agreement in respect of the Properties. Details of the Business Framework Agreement and the Lease Agreement were disclosed in the Company's announcement dated 10 June 2011.

After Completion, CWH will be owned as to 70% by Mr. Lai and as to 30% by the Company. As NMAL is a direct wholly owned subsidiary of CWH, NMAL will on completion of the S&P Agreement become an Associate of Mr. Lai and therefore a connected person of the Company. The Business Framework Agreement and the Lease Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

As each of the percentage ratios (other than the profits ratio) calculated in accordance with the Listing Rules for the annual rental payable by the Taiwan Branch of NMAL under the Lease Agreement is less than 5% and more than 0.1%, the Lease Agreement is subject to the reporting and announcement requirements, and the annual review requirements under Rule 14A.34 of the Listing Rules but is exempt from the Independent Shareholders' approval requirement.

LETTER FROM THE BOARD

USE OF PROCEEDS AND FINANCIAL EFFECT OF THE SALE

The Group intends to use the sale proceeds of the Sale for general working capital purposes.

The Group is expected to record an unaudited gain of approximately HK\$737.9 million, which is calculated with reference to the Consideration, the unaudited net liabilities of the CWH Group which is represented by the Sale Shares of approximately HK\$103.7 million based on the unaudited management accounts of the CWH Group as at 31 May 2011 and 70% of the unaudited total outstanding net balance of sums of non-trading in nature (which are intercompany balances) owed by the CWH Group to members of the Group which was approximately HK\$141.8 million as at 31 May 2011 as shown in the current account held by the CWH Group with members of the Group. For the purpose of calculating the expected unaudited gain, only 70% of the total outstanding balance of non-trading in nature amount owed by the CWH Group to members of the Group instead of 100% will be used as the Group is selling 70% of the total issued shares of CWH only. Under the S&P Agreement, AtNext has warranted and undertaken that there will be no amount outstanding which is due to or due from the Group other than payables and receivables which are of trading nature as at Completion. To achieve that result, it is intended that 100% of any outstanding amount which is of non-trading in nature will be waived immediately before Completion. Assuming Completion takes place before 31 March 2012, the exact amount of the gain will be determined at the end of the financial year ending 31 March 2012 and recognized in the consolidated financial statements of the Company for the year ending 31 March 2012. As a result of the Sale, it is expected that the total net assets of the Group would increase by an amount which is calculated with reference to the Consideration, the net asset/liability of the CWH Group which is represented by the Sale Shares as at Completion, any outstanding amount which is of non-trading in nature owed by CWH Group to members of the Group immediately before Completion and the amount of any related fees and expenses. Assuming Completion takes place before 31 March, 2012, the exact amount of the financial effect of the Sale on the earnings of the Group will be determined at the end of the financial year ending 31 March 2012 and recognized in the consolidated financial statements of the Company for the year ending 31 March 2012.

INFORMATION ON THE CWH GROUP AND REASONS FOR, AND BENEFITS OF, THE SALE

AtNext is an investment holding company and an indirect wholly owned subsidiary of the Company. The Group is mainly engaged in the publication of newspapers, books and magazines for retail and subscription sales; the provision of printing and reprographic services; the provision of internet content; the production and broadcasting of television programmes; the sale of advertising space in newspapers and magazines and on websites; and the sale of advertising time in its television operation. The principal business activity of STV is investment holding.

LETTER FROM THE BOARD

CWH is a company incorporated in the British Virgin Islands with limited liability and it is an investment holding company. Its subsidiaries, NMAL, NMAI and Key Matrix, are principally engaged in animation production and the provision of the animation products and related services.

The net book value of CWH Group as at 31 March 2011 (audited) and 31 May 2011 (unaudited) were net liabilities of HK\$123.7 million and HK\$148.1 million respectively. The audited net loss before taxation and extraordinary items attributed to the CWH Group for the year ended 31 March 2009, 2010 and 2011 were HK\$38.8 million, HK\$49.3 million and HK\$29.3 million respectively. The audited net loss after taxation and extraordinary items attributed to the CWH Group for the year ended 31 March 2009, 2010 and 2011 were HK\$38.8 million, HK\$49.3 million and HK\$29.3 million respectively.

After Completion, AtNext will hold 30% of the entire issued share capital of CWH. CWH will cease to be a subsidiary of the Company and the results of the CWH Group will be equity accounted for instead of consolidated into the Group's financial statements.

CWH, NMAL, NMAI and Key Matrix are wholly owned subsidiaries of the Group which are established for the purpose of principally engaging in animation production. The animation production business is capital intensive. The Group has made substantial investment in manpower and technology for its animation operations. As a result of these investments, the internet business division of the Group recorded a segment loss which has grown from HK\$62.2 million for the year ended 31 March 2009 to HK\$73.4 million for the year ended 31 March 2010, although it was slightly reduced to HK\$49.7 million for the year ended 31 March 2011. The Sale will enable the Group to reduce its loss and the proceeds of the Sale will improve the cash position of the Group. It also allows the Group to share the return on investment (if any) in future by retaining 30% attributable interest in the CWH Group and to create a synergy with STV in the development of animation production business. The entering into of the Shareholders' Agreement will help to protect the Group's interest in the CWH Group as a minority shareholder. The Directors (including the independent non-executive Directors but excluding Mr. Lai who had abstained from voting on the board resolution which approved the terms of the Sale and the transactions contemplated thereunder by reason of his material interest in the Sale) is of the view that the S&P Agreement and the Shareholders' Agreement are entered into on normal commercial terms (or better to the Company), and that the terms of the S&P Agreement and the Shareholders' Agreement are fair and reasonable and the S&P Agreement and the Shareholders' Agreement are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As STV is 100% beneficially owned by Mr. Lai, an executive Director, the Chairman and the controlling Shareholder of the Company holding 1,786,133,165 Shares as at the date of this circular, representing approximately 74.04% of the total issued Shares, STV is an Associate of Mr. Lai and therefore a connected person of the Company. Accordingly, the S&P Agreement and the Shareholders' Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules and is subject to the reporting,

LETTER FROM THE BOARD

announcement and Independent Shareholders' approval requirements. As Mr. Lai has a material interest in the Sale, he and his Associates will abstain from voting on the resolution to approve the Sale and the transactions contemplated thereunder at the Extraordinary General Meeting.

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the S&P Agreement is greater than 25% but less than 75%, the S&P Agreement also constitutes a major transaction under the Listing Rules.

EXTRAORDINARY GENERAL MEETING

The EGM Notice is set out on pages 37 to 38 of this circular. Ordinary resolution in respect of the Sale and the transactions contemplated thereunder will be proposed at the Extraordinary General Meeting.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. 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 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 Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof should you so wish.

VOTING BY POLL

Pursuant to rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. The Chairman of the Extraordinary General Meeting will therefore demand voting on the resolution set out in the EGM Notice be taken by way of poll pursuant to article 61 of the Articles of Association.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for each Share registered in his name in the register. A Shareholder entitled to more than one vote is under no obligation to cast all his votes in the same way.

RECOMMENDATION

The Directors (including the independent non-executive Directors but excluding Mr. Lai who had abstained from voting on the board resolution which approved the terms of the Sale and the transactions contemplated thereunder by reason of his material interest in the Sale) consider that the terms of the Sale and the Shareholders' Agreement and the transactions contemplated thereunder are fair and reasonable and the Sale and the Shareholders' Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting.

LETTER FROM THE BOARD

GENERAL INFORMATION

Your attention is drawn to the information set out in the following sections of this circular:

- (a) the letter from the Independent Board Committee set out on page 15;
- (b) the letter from Veda Capital set out on pages 16 to 27;
- (c) the financial information of the Group set out in appendix 1;
- (d) general information set out in appendix 2; and
- (e) the EGM Notice.

Yours faithfully,
By order of the Board
Cheung Ka Sing, Cassian
Director

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

15 July 2011

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
SALE OF A MAJORITY STAKE IN ANIMATION BUSINESS**

We refer to the circular of Next Media Limited (the “Company”) dated 15 July 2011 (the “Circular”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

We have been authorized by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Sale and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Veda Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Sale and the transactions contemplated thereunder. We wish to draw your attention to the letter from Veda Capital as set out on pages 16 to 27 of the Circular and the letter from the Board as set out on pages 5 to 14 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of Veda Capital stated in its letter of advice, we consider that the terms of the Sale and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the proposed ordinary resolution in relation to the Sale at the Extraordinary General Meeting.

Yours faithfully
For and on behalf of
the Independent Board Committee of
Next Media Limited
Lee Ka Yam, Danny
Fok Kwong Hang, Terry
Wong Chi Hong, Frank
Independent Non-executive Directors

LETTER FROM VEDA CAPITAL

The following is the full text of a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in respect of the Sale prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3214, 32/F
COSCO Tower
183 Queen's Road Central
Hong Kong

15 July 2011

*To the Independent Board Committee and the Independent Shareholders of
Next Media Limited*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO SALE OF A MAJORITY STAKE IN ANIMATION BUSINESS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and the reasonableness of the Sale, details of which are set out in the circular to the Shareholders dated 15 July 2011 (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 10 June 2011, AtNext, an indirect wholly owned subsidiary of the Company, entered into the S&P Agreement with STV and Mr. Lai (as the guarantor for the obligations of STV) pursuant to which AtNext has conditionally agreed to sell and STV has conditionally agreed to purchase the Sale Shares, representing 70% of the entire issued share capital of CWH, at the Consideration of US\$100.0 million (equivalent to approximately HK\$776.0 million). The Directors also announced on 4 July 2011 that pursuant to the Side-letter, (a) the long stop date of the Sale has been extended from 30 September 2011 to 31 March 2012 (or such other date as the parties to the S&P Agreement may agree); and (b) the date of Completion has been amended so that Completion will take place on a date after satisfaction or waiver of conditions precedent in the S&P Agreement to be notified seven business days in advance by STV but in any event not later than 31 December 2011.

STV is 100% beneficially owned by Mr. Lai, an executive Director, the Chairman and the controlling Shareholder of the Company, therefore STV is an Associate of Mr. Lai and a connected person of the Company. Accordingly, the S&P Agreement and the Shareholders' Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and

LETTER FROM VEDA CAPITAL

Independent Shareholders' approval requirements. As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the S&P Agreement is greater than 25% but less than 75%, the S&P Agreement also constitutes a major transaction under the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to (i) whether the terms of the Sale are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Sale is in the interests of the Company and the Independent Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution in approving the Sale at the EGM.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Director(s) and the management. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Director(s) and the management, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the date of the EGM. We have also assumed that all statements of belief, opinion and intention made by the Director(s) in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Director(s) and management of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the Sale, we have taken into consideration the following factors and reasons:

Information on CWH Group

CWH is a company incorporated in the British Virgin Islands with limited liability and it is an investment holding company. Its subsidiaries, NMAL, NMAI and Key Matrix, are principally engaged in animation production and the provision of the animation products and related services.

LETTER FROM VEDA CAPITAL

Immediately before Completion, CWH is wholly owned by AtNext and after Completion, AtNext will hold 30% of the entire issued share capital of CWH. CWH will cease to be a subsidiary of the Company and the results of the CWH Group will be equity accounted for instead of consolidated into the Group's financial statements.

Set out below is the audited financial information of CWH Group for the three years ended 31 March 2011.

	For the year ended		
	31 March	31 March	31 March
	2009	2010	2011
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
Revenue	—	—	70.8
Profit/(Loss) before tax	(38.8)	(49.3)	(29.3)
Profit/(Loss) after tax	(38.8)	(49.3)	(29.3)

The unaudited net book value of CWH Group as at 31 May 2011 was net liabilities of approximately HK\$148.1 million. As noted from the S&P Agreement, AtNext has warranted and undertaken to STV that there will be no amount outstanding which is due to or due from the Group other than payables and receivables which are of trading nature as at Completion. As advised by the Company, based on the unaudited management account of CWH Group, the total outstanding net balance of the amounts owed by the CWH Group to members of the Group which is of non-trading in nature (which are intercompany balances) as at 31 May 2011 was approximately HK\$202.5 million (the “**Non-Trading Balance**”) and the Non-Trading Balance will be waived immediately before Completion. Accordingly, the Company expected that upon Completion, CWH Group would have a net asset value of approximately HK\$54.4 million (the “**Estimated Completion NAV**”) based on the net liabilities position of CWH Group as at 31 May 2011 and the Non-Trading Balance to be waived immediately before Completion.

As can be seen from the above table, the loss of CWH Group has increased by approximately 27.1% from approximately HK\$38.8 million for the year ended 31 March 2009 to approximately HK\$49.3 million for the year ended 31 March 2010. As advised by the Company, such increase in loss was mainly due to the increase in depreciation by approximately HK\$3.0 million and personnel costs by approximately HK\$6.9 million. The loss of CWH Group has decreased by approximately 40.6% from approximately HK\$49.3 million for the year ended 31 March 2010 to approximately HK\$29.3 million for the year ended 31 March 2011. As advised by the Company, such decrease in loss was mainly due to the increase in service income.

LETTER FROM VEDA CAPITAL

Financial information of the Group

For the year ended 31 March 2010

As set out in the annual report 2009/10 of the Company (“**AR 2010**”) for the year ended 31 March 2010, the Group recorded revenue of approximately HK\$3,126.2 million, representing a reduction of approximately 5.0% from that for the year ended 31 March 2009 of approximately HK\$3,291.5 million. As set out in AR 2010, the drop in revenue was mainly due to a reduction in the amount of advertisers spent on print media and the sluggish economy, especially during the first half of the year. The Group reported profit attributable to Shareholders of approximately HK\$317.9 million for the year ended 31 March 2010, representing an increase of approximately 23.5% from that for the year ended 31 March 2009 of approximately HK\$257.5 million. As advised by the Company, the improvement in profit was mainly attributable to the decrease of direct production costs, including the cost of paper, and cost-saving measures that the Group implemented.

For the year ended 31 March 2011

As set out in the annual report 2010/11 of the Company (“**AR 2011**”) for the year ended 31 March 2011, the Group recorded revenue of approximately HK\$3,478.6 million, representing an increase of approximately 11.3% from that for the year ended 31 March 2010 of approximately HK\$3,126.2 million. As advised by the Company, the improvement in revenue was mainly due to the additional income it derived from advertising in its newspapers and magazines as a result of the recovery of the advertising markets in both Hong Kong and Taiwan. The Group reported a loss attributable to Shareholders of approximately HK\$19.7 million for the year ended 31 March 2011 whilst the Group reported a profit attributable to Shareholders of approximately HK\$317.9 million for the year ended 31 March 2010. As advised by the Company, the turnaround from profit into loss was mainly due to the sizeable initial capital outlay made in its nascent TV operation in Taiwan, which is not yet fully operational.

Background information and reasons for the Sale

AtNext is an investment holding company and an indirect wholly owned subsidiary of the Company. The Group is mainly engaged in the publication of newspapers, books and magazines for retail and subscription sales; the provision of printing and reprographic services; the provision of internet content; the production and broadcasting of television programmes; the sale of advertising space in newspapers and magazines and on websites; and the sale of advertising time in its television operation.

CWH, NMAL, NMAI and Key Matrix are wholly owned subsidiaries of the Group which are established for the purpose of principally engaging in animation production (the “**Animation Business**”). The Animation Business is capital intensive. The Group has made substantial investment in manpower and technology for its animation operations. As a result of these investments, the internet businesses division of the Group (the “**Internet Division**”) recorded a segment loss which has grown from HK\$62.2 million for the year ended 31 March 2009 to HK\$73.4 million for the year ended 31 March 2010, although it was slightly reduced to HK\$49.7 million for the year ended 31 March 2011. The Sale will

LETTER FROM VEDA CAPITAL

enable the Group to reduce its loss and the proceeds of the Sale will improve the cash position of the Group. It also allows the Group to share the return on investment (if any) in future by retaining 30% attributable interest in the CWH Group and to create a synergy with STV in the development of Animation Business. The Directors is of the view that the S&P Agreement is entered into on normal commercial terms (or better to the Company), and that the terms of the S&P Agreement is fair and reasonable and the S&P Agreement is in the interests of the Company and the Shareholders as a whole.

As set out in the Letter from the Board (the “**Board Letter**”), the proceeds of the Sale would be used for general working capital purposes.

We noted from the AR 2011, the Company recorded bank balances and cash and restricted bank balances of approximately HK\$884.0 million and borrowings of approximately HK\$879.3 million as at 31 March 2011. We also noted from AR 2011 that, among the four operating business segments of the Group, the business segments of television and Internet Division have loss making segment results for the two years ended 31 March 2011. We have been advised by the Company, the Group has received orders from outside parties for the Animation Business amounted to approximately HK\$2.4 million in respect of the period from 1 April 2010 to 31 May 2011 and as set out in AR 2011, the Company is confident that the revenue from Internet Division will improve in the future. Having said that, given the Animation Business is still in development stage, the Company expects further capital commitment of not less than HK\$4.3 million will be required for the development in the Animation Business in the next 12 months. Hence, the Sale would allow the Company to reallocate its resources to other business segments of the Company which is more profitable at current stage. At the same time, by retaining 30% equity interests in CWH would allow the Company to share the investment return (if any) of CWH in the future.

Having considered (i) the loss-making track record of CWH Group for the three years ended 31 March 2011 and the Estimated Completion NAV of approximately HK\$54.4 million only; (ii) the capital intensive nature of the development of the Animation Business; (iii) the Sale not only allows the Company to unlock the cash and the management bandwidth, but also will bring cash inflow to the Group and hence allow the Directors to focus and effectively allocate its resources to other profitable business development of the Group; and (iv) the Company would be able to share the investment return (if any) of CWH in the future by retaining 30% equity interests in CWH, we concur with the Directors that the Sale is commercially justifiable and in the interests of the Company and the Independent Shareholders as a whole.

Consideration for the Sale

The Consideration is US\$100.0 million (equivalent to approximately HK\$776.0 million). As set out in the Board Letter, the Consideration was determined on an arm's length basis with reference to a valuation in respect of 100% equity interest of the CWH Group in the amount of US\$78.0 million (equivalent to approximately HK\$605.3 million) as at 30 April 2011 (the “**Valuation**”) conducted by an independent valuer using market approach.

LETTER FROM VEDA CAPITAL

We have reviewed the valuation report in respect of the Valuation (the “**Valuation Report**”) and observed that the valuer has adopted the market approach in arriving the market value of the 100.0% equity interest in CWH Group and under such valuation method, the Valuation as at 30 April 2011 was arrived at US\$78.0 million (equivalent to approximately HK\$605.3 million). As noted from the Valuation Report, the selection of a valuation approach is based on, among other criteria, the quantity and quality of the information provided, access to available data, availability of relevant market transactions, type and nature of the subject asset, purpose and objective of the valuation and professional judgment and technical expertise. The market approach was considered to be the most appropriate valuation approach in the Valuation as it requires far fewer subjective assumptions than the income approach and compared to the cost approach it is more likely to reflect the current mood of the market and capture the future growth potentials of CWH Group. Under the market approach, the guideline company method was adopted in the Valuation.

We also noted from the Valuation Report, two companies which are listed in United States and Milan (the “**Comparables**”) were considered to be comparable to the CWH Group. As set out in the Valuation Report, one of the Comparable is engaged in developing and producing computer generated animated feature films for a broad movie-going audience and the other Comparable is engaged in producing and distributing animated cartoon series for the domestic and international television markets, licensing and merchandising its own programming through CD-Roms, DVDs, and videotapes and distributing Japanese animated cartoon programs throughout Italy.

Also set out in the Valuation Report, the CWH Group is unlikely to undergo public offering and the relevant shares are unlikely to be listed in any major stock exchange or be marketable in any over-the-counter market in the near future, a discount for lack of marketability of 20% has been adopted in determining the market value of the CWH Group. In addition, as stated in the Valuation Report, control is the right to direct the strategies and activities of a firm, including the right to allocate resources and distribute the economic benefits. There is a tendency to regard the premium offered to pre-bid trading in a takeover as the value of the control right. As the Valuation was carried out based on the market prices of publicly traded companies, which represent the values for minority interests in those companies, a control premium of 30% was adopted to reflect the value of the control associate with the majority equity interest in the CWH Group.

Taking into account (i) the Comparables have been involving in the similar business as CWH; (ii) the adjustment factors regarding lack of marketability and control premium considered by the valuer; and (iii) the opinion of the valuer who has considered the adoption of market approach in arriving at the market value of CWH Group is the most appropriate valuation approach for assessing the market value of CWH Group and pursuant to Rule 13.80(2) under the Listing Rules, there is no reason for us to believe any of the information in the Valuation Report is not true or omits a material fact, we are of the view that the Valuation are normal in nature without any unusual assumption and the basis thereof is fair and reasonable. As such, we consider the Valuation is a fair reference for Independent Shareholders to assess the fairness and reasonableness of the Consideration.

LETTER FROM VEDA CAPITAL

As mentioned above, the Non-Trading Balance will be waived immediately before Completion. Taking into account of 70% of the Non-Trading Balance as at 31 May 2011 of approximately HK\$141.8 million, the Consideration of US\$100.0 million (equivalent to approximately HK\$776.0 million) would effectively be approximately US\$81.7 million (equivalent to approximately HK\$634.2 million) (the “**Effective Consideration**”). Based on the Effective Consideration, the consideration for 100% equity interest in CWH Group is approximately US\$116.7 million (equivalent to approximately HK\$905.6 million), representing a premium of approximately 49.6% to the Valuation. In light of (i) the consideration for 100% equity interest in CWH Group based on the Effective Consideration presents a substantial premium to the Valuation; (ii) the Effective Consideration which represents the consideration for 70% equity interests in CWH Group (after taking into account of 70% of the waived Non-Trading Balance) is also higher than the Valuation on the 100% equity interests in CWH Group, in other words, the Company has sold the 70% equity interest of CWH at a price which is higher than the market price of 100% equity interest in CWH Group whilst at the same time, the Company will be able to retain and enjoy the future benefits of 30% equity interests in CWH Group; and (iii) pursuant to the Shareholders’ Agreement, the Group is not obliged to provide additional finance or financial assistance to any member of the CWH Group (further details of the Shareholders’ Agreement has been set out under below section headed “Shareholders’ Agreement”), we consider the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders’ Agreement

Upon Completion, AtNext, STV, CWH and Mr. Lai (as the guarantor for the obligations of STV) will enter into the Shareholders’ Agreement in respect of the affairs of, and their dealings with, the CWH Group and the operations, management and business of the CWH Group. The principal terms of the Shareholders’ Agreement are set out below:

Board of directors The board of CWH shall consist of three (3) directors, of which one (1) director shall be nominated by AtNext and two (2) directors shall be nominated by STV. The chairman of the board of CWH shall be designated by STV.

AtNext and STV shall be entitled to nominate one (1) director and two (2) directors respectively to the board of NMAL, NMAI and Key Matrix, being the subsidiaries of CWH.

Anti-dilution protection If CWH intends to issue or grant any New Securities, such New Securities shall first be offered to the existing shareholders of CWH in accordance with their respective pro rata share in CWH.

LETTER FROM VEDA CAPITAL

Pre-emptive right	A shareholder of CWH shall not, without having obtained the prior written consent of the other shareholders of CWH, offer, sell, contract to sell, encumber or otherwise transfer or dispose of directly or indirectly the shares of CWH or any interest therein or enter into any swap or other arrangement that transfers to another any of the economic consequences of the shares of CWH or any interest therein.
Right of first refusal	If a shareholder of CWH intends to sell all or part of its shares in CWH to a third party, all other shareholders are entitled to a right of first refusal to purchase all (but not some only) of the shares in and the relevant shareholder's loan (if any) attributable to such shares which the transferring shareholder intends to dispose of on the terms and conditions not more favourable to a third party purchaser.
Co-sale right	If a transferring shareholder sells all or part of its shares to a third party purchaser, the remaining shareholder is entitled to participate in such sale for a proportion of all the shares held by such remaining shareholder and the corresponding proportion of the shareholder's loan (if any) held by such remaining shareholder on the same terms and conditions as specified in the transfer notice given by the transferring shareholder to the other shareholders of CWH.
Compliance with the Listing Rules	The exercise of various rights (including the pre-emptive right, the right of first refusal and the co-sale right) by any of the shareholders of CWH under the Shareholders' Agreement is subject to compliance with the Listing Rules if required.
Reserved matters	Certain actions (including material change in the scope of business of the CWH Group and variation of the share capital of any member of the CWH Group) shall not be taken without approval by each of AtNext and STV in a general meeting or at least a director nominated by AtNext and a director nominated by STV.

LETTER FROM VEDA CAPITAL

Financing Shareholders of CWH are not obliged to provide any additional finance or financial assistance to any member of the CWH Group or to subscribe for any securities in CWH or to make any loans to or transfer any assets to any member of the CWH Group or to guarantee or provide security for any obligations of any member of the CWH Group or to indemnify any third party in respect of such obligations.

In the event that CWH requires additional finance, subject to the approval of the board of directors of CWH, each shareholder of CWH agrees to provide financing by way of shareholder's loan provided that:

- (a) it will not be required to make any advance in excess of its pro rata share of the total amount required by the board of directors of CWH to be advanced; and
- (b) the terms of such shareholder's loan shall be on normal commercial terms or better to AtNext or if another subsidiary of the Company is a shareholder at the relevant time, to that subsidiary.

Guarantee Mr. Lai shall guarantee the due and punctual performance of the obligations of STV under the Shareholders' Agreement.

Termination The Shareholders' Agreement shall terminate:

- (a) immediately by mutual agreement in writing of all the shareholders of CWH; or
- (b) immediately if an effective resolution is passed to wind up CWH or if a liquidator is otherwise appointed; or
- (c) in respect of a defaulting shareholder only, if a non-defaulting shareholder serves a written notice on the defaulting shareholder upon an event of default as stipulated in the Shareholders' Agreement; or
- (d) immediately if any shareholder of CWH ceases to hold any shares in CWH.

In view that (i) upon Completion, the board of CWH shall consist of three (3) directors, of which one (1) director shall be nominated by AtNext, and hence, the Group will be able to have 33.3% of representation in the board of CWH by holding 30% equity interests in CWH; (ii) the shareholding interests of 30% in CWH of the Group will be protected from dilution by the clause of anti-dilution protection; (iii) by holding 30% interests in CWH, prior approvals or written consent shall be obtained from the Group for

LETTER FROM VEDA CAPITAL

any sale or transfer of the interests in CWH and certain actions (including material change in the scope of business of the CWH Group and variation of the share capital of any member of the CWH Group); and (iv) under the Shareholders' Agreement, the Group is not obliged to provide any additional finance or financial assistance to any member of the CWH Group or to subscribe for any securities in CWH or to make any loans to or transfer any assets to any member of the CWH Group or to guarantee or provide security for any obligations of any member of the CWH Group or to indemnify any third party in respect of such obligations whilst the Group will be able to enjoy the future benefits of 30% equity interests in CWH, we consider the terms of the Shareholders' Agreement is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Financial effect of the Sale

(i) Net assets

As set out in AR 2011, the audited consolidated net asset value of the Group was approximately HK\$3,613.6 million as at 31 March 2011 and as set out in the Board Letter, it is expected that the total net assets of the Group would increase by an amount which is calculated with reference to the Consideration, the net asset/liability of the CWH Group which is represented by the Sale Shares as at Completion, any outstanding amount which is of non-trading in nature owed by CWH Group to members of the Group immediately before Completion and the amount of any related fees and expenses.

(ii) Working capital

As advised by the Company, the working capital of the Group is expected to be increased by the net proceeds from the Sale.

(iii) Earnings

As set out in Board Letter, the Group is expected to record an unaudited gain of approximately HK\$737.9 million, which is calculated with reference to the Consideration and the unaudited net liabilities of the CWH Group which is represented by the Sale Shares of approximately HK\$103.7 million based on the unaudited management accounts of the CWH Group as at 31 May 2011 and 70% of the Non-Trading Balance owed by the CWH Group to members of the Group which was approximately HK\$141.8 million as at 31 May 2011 as shown in the current account held by the CWH Group with members of the Group. For the purpose of calculating the expected unaudited gain, only 70% of the Non-Trading Balance instead of 100% will be used as the Group is selling 70% of the total issued shares of CWH only. Under the S&P Agreement, AtNext has warranted and undertaken that there will be no amount outstanding which is due to or due from the Group other than payables and receivables which are of trading nature as at Completion. To achieve that result, it is intended that 100% of any outstanding amount which is of non-trading in nature will be waived immediately before Completion. Assuming Completion takes place before 31 March 2012, the exact amount of the gain will be determined at the end of the financial year ending 31 March 2012 and recognized in the consolidated financial statements of the Company for the year ending 31 March 2012. As mentioned above, as a result of the Sale, it is expected

LETTER FROM VEDA CAPITAL

that the total net assets of the Group would increase by an amount which is calculated with reference to the Consideration, the net asset/liability of the CWH Group which is represented by the Sale Shares as at Completion, any outstanding amount which is of non-trading in nature owed by CWH Group to members of the Group immediately before Completion and the amount of any related fees and expenses. Assuming Completion takes place before 31 March 2012, the exact amount of the financial effect of the Sale on the earnings of the Group will be determined at the end of the financial year ending 31 March 2012 and recognized in the consolidated financial statements of the Company for the year ending 31 March 2012.

Recommendation

Having considered the above-mentioned principal factors and reasons, in particular, taking into account that:

- (i) the loss-making track record of CWH Group for the three years ended 31 March 2011 and the Estimated Completion NAV of approximately HK\$54.4 million only;
- (ii) the capital intensive nature of the development of the Animation Business;
- (iii) the Sale not only allows the Company to unlock the cash and the management bandwidth, but also will bring cash inflow to the Group and hence allow the Directors to focus and effectively allocate its resources to other profitable business development of the Group;
- (iv) the Company would be able to share the investment return (if any) of CWH in the future by retaining 30% equity interests in CWH;
- (v) the consideration for 100% equity interest in CWH Group based on the Effective Consideration presents a premium to the Valuation;
- (vi) the Effective Consideration which represent the consideration for 70% equity interests in CWH Group (after taking into account of 70% of the waived Non-Trading Balance) is higher than the Valuation on the 100% equity interests in CWH Group, in other words, the Company has sold the 70% equity interest of CWH at a price which is higher than the market price of 100% equity interest in CWH Group whilst at the same time, the Company will be able to retain and enjoy the future benefits of 30% equity interests in CWH Group;
- (vii) under the Shareholders' Agreement, the Group is not obliged to provide any additional finance or financial assistance to any member of the CWH Group or to subscribe for any securities in CWH or to make any loans to or transfer any assets to any member of the CWH Group or to guarantee or provide security for any obligations of any member of the CWH Group or to indemnify any third party in respect of such obligations whilst the Group will be able to enjoy the future benefits of 30% equity interest in CWH; and

LETTER FROM VEDA CAPITAL

(viii) the overall enhancement on the financial position of the Group,

we consider (i) the terms of the Sale are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Sale is in the interests of the Company and the Independent Shareholders as a whole. We would therefore recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution in approving the Sale to be proposed at the EGM.

Yours faithfully,

For and on behalf of

Veda Capital Limited

Hans Wong

Julisa Fong

Chairman

Managing Director

1. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 May 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$877.2 million, of which approximately HK\$877.2 million borrowings were bank borrowings and secured by fixed charges on certain of the Group's assets, including land and buildings, plant and machinery. All such outstanding borrowings were guaranteed by the Company by means of corporate guarantee.

In addition, the Group had a dispute with UDL Contracting Limited ("UDL") as contractor for the construction of a printing facility of a subsidiary of the Company, Apple Daily Printing Limited ("ADPL"), over amounts payable in respect of the construction of the facility and legal action was taken by UDL with the High Court against ADPL and Mr. Lai for the claim made in 2007. Pursuant to the judgment issued by the High Court on 18 January 2008, the default judgment against ADPL had been set aside and the proceedings against ADPL had been referred to arbitration. UDL had been ordered to pay 20% of ADPL's cost on the application to set aside the default judgment. ADPL also obtained an order for payment of all of its costs in relation to the application for a stay of proceedings to arbitration from UDL and the amount had been received in July 2008. This legal case has no further development since the issue of the audited consolidated financial statements for the year ended 31 March 2009 dated 5 June 2009. The Directors are of the opinion, that it is unlikely that the Group would have any liability if UDL pursues its various claims to their ultimate conclusion.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have, outstanding at the close of business on 31 May 2011, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees, or other material contingent liabilities.

2. WORKING CAPITAL

The Directors are of the opinion that, after due and careful enquiry taking into account the financial resources available to the Group, including internally generated funds, the available banking facilities and the proceeds from the Sale, the Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

3. FINANCIAL AND TRADING PROSPECTS

Given their close relationships with China's increasingly powerful economy, the Group is cautiously optimistic about the prospects for the economies of Hong Kong and Taiwan in the coming year. Even so, it is worth bearing in mind that there still many uncertainties about the global economic environment.

There is also a constant risk that sudden developments further afield might have a negative impact on them. One such example has been the string of sovereign debt crises in Europe, which drove several national governments to the verge of bankruptcy. Another, more recent, one was the tragic earthquake, tsunami and nuclear disaster in Japan, the full economic consequences of which are not yet clear. For instance, there is a possibility that shortages of electronic components and products may occur, due to damage to the Japanese plants where they are manufactured. This might have a knock-on effect on the retail and advertising industries worldwide.

For the year ended 31 March 2011, the results of the Group's core print media operations were in line with and even exceeded its expectations. Most of its publications outperformed their competitors in the market, in terms of both their sales and advertising revenues. *Apple Daily* and *Taiwan Apple Daily* occupied the top spots as the most widely read paid-for newspapers in Hong Kong and Taiwan. *Next Magazine Bundle* and *Sudden Weekly Bundle* were the bestselling and most widely read weeklies in their respective categories in Hong Kong, whereas *FACE Bundle* remained a favourite weekly of the city's young people. The sales and readership of *Taiwan Next Magazine Bundle* continued to be unassailable.

All these titles have very loyal readerships that possess more attractive demographic profiles for advertisers than their rivals. The Group therefore regards them as its most valuable assets, and feels they will continue to make indispensable contributions to its future success.

At the same time, the Company has always believed in staying ahead by looking and planning ahead. That is why it continuously seeks opportunities to extend the scope of its operations into new areas, especially in Taiwan, which it sees as the ideal location for its future development.

Having scaled the heights of the island's newspaper and weekly magazine markets in the past decade, the Company is now rolling out its first TV operation there. The new multi-media platform has gained traction with the distribution of the set-top boxes. This exciting new venture will make the Company's brand more comprehensive and competitive than ever, and create a synergy that will allow it to reach out to new audiences and advertisers in Taiwan.

As it has stated all along, the Group needs to make significant ongoing investments to get the TV operation and new multi-media platform off the ground and onto the airwaves before it can begin to produce tangible results.

In the meantime, the Company will continue to pay close attention to its costs, but it will never compromise on the quality and professionalism of its publications. This has always been and will always remain its firm commitment to its readers, advertisers, shareholders and employees.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executives were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

(i) Long positions in ordinary shares and underlying shares of the Company

Name of Director/ Chief Executive	Personal interests	Number of Shares			Other interests	Interests in underlying Shares/equity derivatives	Total Shares	Percentage of issued share capital
		Family interests	Corporate interests					
Lai Chee Ying, Jimmy	1,720,594,935	—	1,000,000	64,538,230	—	1,786,133,165	74.04	
Chu Wah Hui	20,000	10,000	—	—	30,000,000	30,030,000	1.25	
					(Note 1)			
Cheung Ka Sing, Cassian	172,000	—	—	—	18,000,000	18,172,000	0.75	
					(Note 2)			
Ting Ka Yu, Stephen	90,314	—	—	—	1,194,000	2,902,314	0.12	
					(Note 3)			
					1,618,000			
					(Note 4)			
Ip Yut Kin	10,200,377	2,630,000	—	—	1,060,000	13,890,377	0.58	
					(Note 3)			
Fok Kwong Hang, Terry	1,500,000	—	—	—	510,000	2,010,000	0.08	
					(Note 4)			
Wong Chi Hong, Frank	—	—	—	—	510,000	510,000	0.02	
					(Note 4)			
Lee Ka Yam, Danny	—	—	—	—	510,000	510,000	0.02	
					(Note 4)			

*(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 5)	—	—	—	—	108,344	1.00	
Ip Yut Kin	216,688 (Note 5)	—	—	—	—	216,688	2.00	

CWH

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					
Lai Chee Ying, Jimmy	—	—	70 (Note 6)	—	—	70	70.00	

Notes:

- These interests represent options granted under the 2007 Share Option Scheme to the Director as beneficial owner, details of which are set out in the section headed "Share Incentive Schemes" of the annual report of the Company for the year ended 31 March 2011. Further options representing rights to subscribe for a total of 20,000,000 Shares will be granted to the Director under the 2007 Share Option Scheme in two tranches, each representing 10,000,000 Shares, over a period of two years, pursuant to the terms of an employment agreement entered into between the Director and a wholly-owned subsidiary of the Company dated 22 September 2008, and provided that the Director continues to be employed by the Group at the relevant time.
- These interests represent options granted under the 2007 Share Option Scheme to the Director as beneficial owner, details of which are set out in the section headed "Share Incentive Schemes" of the annual report of the Company for the year ended 31 March 2011. Further options representing the rights to subscribe for 9,000,000 Shares would be granted to the Director under the 2007 Share Option Scheme, pursuant to the terms of an employment agreement entered into between the Director and a wholly-owned subsidiary of the Company dated 3 November 2009, provided that the Director continues to be employed by the Group at the relevant time.
- These interests represent Shares to be subscribed for under invitations issued by the Company pursuant to the Share Subscription and Financing Plan to the Directors as beneficial owners, details of which are set out in the section headed "Share Incentive Schemes" of the annual report of the Company for the year ended 31 March 2011.
- These interests represent options granted under the 2007 Share Option Scheme to the Directors as beneficial owners., details of which are set out in the section headed "Share Incentive Schemes" of the annual report of the Company for the year ended 31 March 2011.
- These interests represent the shares of ADPDL issued to the Directors upon the exercise of options granted under the 2007 ADPDL Share Option Scheme.
- These interests represent the interest of the Director in CWH pursuant to the entering into of the S & P Agreement.

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	1,786,133,165 <i>(Note)</i>	74.04

Note: These represent the same total number of Shares held by Mr. Lai Chee Ying, Jimmy, as disclosed in the section headed “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” above. Ms. Li Wan Kam, Teresa, is the spouse of Mr. Lai Chee Ying, Jimmy, and is deemed to be interested in these Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any of the Directors or chief executives of the Company, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

4. INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, save as the continuing connected transactions contemplated under (i) the car parking spaces lease agreement dated 21 February 2011 and the lease agreement dated 29 April 2011 as disclosed in the Company's announcement dated 29 April 2011, and (ii) the two lease agreements both dated 7 June 2011 as disclosed in the Company's announcement dated 7 June 2011, none of the Directors was materially interested in any contracts or arrangement entered into by any member of the Group which is subsisting at the date of this circular and which is significant in relation to the business of the Group. None of the Directors has any direct or indirect interest in any assets which have been, since 31 March 2011, 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

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2011, the date to which the latest published audited accounts of the Group have been made up.

6. LITIGATION

As at the Latest Practicable Date, save as the dispute with UDL Contracting Limited as the contractor for the construction of a printing facility of a subsidiary of the Company, ADPL, over amounts payable in respect of the construction of the facility as disclosed in the Company's announcement of the audited consolidated financial statements for the year ended 31 March 2011 dated 3 June 2011, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

7. SERVICE CONTRACTS

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

8. EXPERTS

- (a) The following are the qualifications of the experts who have given opinion or advice contained in this circular:

Name	Qualification
Veda Capital	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, Veda 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) Veda 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, Veda Capital was not interested, directly or indirectly, in any assets which had since 31 March 2011 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

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

- (a) the S&P Agreement;
- (b) a lease agreement dated 7 June 2011 entered into between the Taiwan Branch of Best Combo Limited (“Best Combo”) as landlord and Next TV (an indirect wholly-owned subsidiary of the Company) as tenant in relation to the lease of the properties located at 1st floor, 2nd floor, 7th floor and 8th floor, Lots. 46-3 and 46-15, Jiuzong, Neihu District, Taipei City, Taiwan (台灣台北市內湖區舊宗段46-3, 46-15地號一樓、二樓、七樓及八樓);
- (c) a lease agreement dated 7 June 2011 entered into between the Taiwan Branch of Best Combo as landlord and Next Multi-media Entertainment Services Limited (an indirect wholly-owned subsidiary of the Company) as tenant in relation to the lease of the properties located at 3rd floor to 6th floor, Lots. 46-3 and 46-15, Jiuzong, Neihu District, Taipei City, Taiwan (台灣台北市內湖區舊宗段46-3, 46-15地號三樓至六樓);

- (d) a lease agreement dated 29 April 2011 entered into between the Taiwan Branch of Best Combo as landlord and Next TV (an indirect wholly-owned subsidiary of the Company) as tenant in relation to the lease of the properties located at No.18, Lane 146, Xihu 2nd Road, Neihu District, Taipei City, Taiwan (台灣台北市內湖區新湖二路146巷18號); and
- (e) a car parking spaces lease agreement dated 21 February 2011 entered into between the Taiwan Branch of Best Combo as landlord and the Taiwan Branch of ADPDL (an indirect non-wholly owned subsidiary of the Company) as tenant in relation to the lease of seven pieces of land with a total floor area of approximately 4,203.04 square feet located at Lots. 4-5, 4-6, 4-7, 4-8, 4-9, 4-20, 4-21, Jiuzong, Neihu District, Taipei City, Taiwan (台灣台北市內湖區舊宗段4-5, 4-6, 4-7, 4-8, 4-9, 4-20, 4-21地號).

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours of the Company at the registered office of the Company at 1st Floor, 8 Chun Ying Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong up to and including the date of the Extraordinary General Meeting:

- (a) the memorandum and articles of association of the Company;
- (b) the audited financial statements of the Group for the two years ended 31 March 2010 and 2011;
- (c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 15 of this circular;
- (d) the letter from Veda Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 27 of this circular;
- (e) the letter of consent from Veda Capital;
- (f) the material contracts referred to in this appendix;
- (g) the final draft Shareholders' Agreement;
- (h) the final draft Business Framework Agreement; and
- (i) the final draft Lease Agreement.

11. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Wong Shuk Ha, Cat who is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is situated at 1st Floor, 8 Chun Ying Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong.
- (c) The share registrars and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00282)

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting of Next Media Limited (the “Company”) will be held at the Conference Room on the 1st Floor, 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong on Friday, 2 September 2011 at 3:30 p.m. for the purpose of considering and if thought fit, passing, with or without amendment, the following ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the entering into of the sale and purchase agreement dated 10 June 2011, as amended by the side-letter dated 4 July 2011, (the “S&P Agreement”) (a copy of which has been produced to this Meeting marked ‘A’ and initialled by the chairman of the Meeting for the purpose of identification) between AtNext Limited as the vendor, Sum Tat Ventures Limited as the purchaser and Mr. Lai Chee Ying, Jimmy as the guarantor in relation to the sale and purchase of 70 shares in the capital of Colored World Holdings Limited for a consideration of US\$100,000,000, and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the shareholders’ agreement (the “Shareholders’ Agreement”) (a copy of which has been produced to this Meeting marked ‘B’ and initialled by the chairman of the Meeting for the purpose of identification) to be entered into between AtNext Limited, Sum Tat Ventures Limited, Colored World Holdings Limited and Mr. Lai Chee Ying, Jimmy in respect of the affairs of, and their dealings with, Colored World Holdings Limited and its subsidiaries, and the transactions contemplated thereunder, be and are hereby approved; and
- (c) the directors of the Company be and are hereby authorised to do all such acts and things, execute all such documents and exercise all powers as he or she considers necessary or expedient or desirable in connection with, or to give effect to, the S&P Agreement and the Shareholders’ Agreement and to implement the transactions contemplated thereunder including without limitation to the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements.”

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

Hong Kong, 15 July 2011

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Pursuant to the Listing Rules, any vote of member at a general meeting must be taken by poll.
2. Any member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend and vote instead of such member in accordance with the Articles of Association of the Company. A proxy need not be a member of the Company.
3. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company at 1st Floor, 8 Chun Ying Street, Tseung Kwan O Industrial Estate, Tseung Kwan O, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof.
4. The Register of Members of the Company will be closed from Wednesday, 31 August 2011 to Friday, 2 September 2011, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining entitlement to attend the Extraordinary General Meeting. In order to be eligible to attend and vote at the Extraordinary General Meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 30 August 2011.