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 **New Media Group Holdings Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

新傳媒集團控股有限公司
NEW MEDIA GROUP HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 708)

(I) MAJOR AND CONNECTED TRANSACTIONS AND SPECIAL DEALS IN RELATION TO THE DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL AND SHAREHOLDER'S LOAN OF JADE TALENT HOLDINGS LIMITED (TOGETHER WITH A LEASEBACK) AND 9.99% OF ISSUED SHARE CAPITAL OF NEW MEDIA GROUP LIMITED AND (II) NOTICE OF GENERAL MEETING

Financial adviser to
New Media Group Holdings Limited

英皇融資有限公司
Emperor Capital Limited

Independent financial adviser to
the Independent Board Committee and the Independent Shareholders

大有融資有限公司
MESSIS CAPITAL LIMITED

A letter from the Board is set out on pages 6 to 20 of this circular and a letter from the Independent Board Committee is set out on pages 21 and 22 of this circular. A letter from Messis Capital containing its advice to the Independent Board Committee and Independent Shareholders is set out on pages 23 to 40 of this circular.

A notice convening the GM to be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on 13 February 2015 at 10:30 a.m. is set out on pages 61 and 62 of this circular. Whether or not you intend to attend the meeting or any adjournment thereof, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment meeting.

29 January 2015

CONTENTS

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

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"AY Holdings" or "Selling Shareholder"	Albert Yeung Holdings Limited, a company incorporated in BVI, the ultimate controlling shareholder of the Company and Emperor International, which is beneficially owned by AY Trust
"AY Trust"	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Albert Yeung
"Board"	the board of Directors from time to time
"BVI"	the British Virgin Islands
"Company"	New Media Group Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 708)
"Director(s)"	the director(s) of the Company from time to time
"Disposals"	the Property Disposal and the New Media 9.99% Share Disposal pursuant to the terms of the Disposals Agreements constituting Special Deals according to Takeovers Code
"Disposals Agreements"	the Property Disposal Agreement and the New Media 9.99% Share Disposal Agreement
"Disposals Completion"	completion of the Disposals Agreements
"Dr. Albert Yeung"	Dr. Yeung Sau Shing, Albert
"Emperor International"	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited ability, the shares of which are listed on the main board of the Stock Exchange (stock code: 163)
"Evergrande"	Evergrande Real Estate Group Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 3333)
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

"GM"	the general meeting of the Company to be convened and held to consider and, if thought fit, approve, among others, the proposed Disposals (including the Leaseback) and the respective transactions contemplated thereunder
"Good Force"	Good Force Investments Limited, a company incorporated in BVI and a wholly-owned subsidiary of Emperor International
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s)
"Holdco"	New Media Group Investment Limited, a company incorporated in BVI which is a direct wholly-owned subsidiary of the Selling Shareholder and is the beneficial owner of all New Media Sale Shares
"Holdco Sale Share"	being one issued share of Holdco, representing the entire issued share of the Holdco as at the date of the Share Purchase Agreement and as at the Share Purchase Completion
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising all the non-executive Directors established to advise the Independent Shareholders in respect of the terms of the Disposals and the Offer
"Independent Financial Adviser" or "Messis Capital"	Messis Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and/or the Independent Shareholders in respect of the Disposals (including the Leaseback) and the Offer
"Independent Shareholders"	Shareholders other than the Selling Shareholder, the Offeror and parties acting in concert with any of them (including Holdco Good Force, Rawlings and Emperor International) and those who are interested in or involved in the Disposals (including the Leaseback)
"Jade Talent"	Jade Talent Holdings Limited, a company incorporated in BVI and is wholly-owned by New Media Group

"Jade Talent Sale Loan"	the shareholder's loan due from Jade Talent to New Media Group as at the date of completion of the Property Disposal Agreement (which with reference to the audited consolidated account of Jade Talent, the amount is approximately HK$289 million as at 30 June 2014)
"Joint Announcement"	the announcement dated 23 December 2014 jointly issued by the Company and Evergrande in relation to the Share Purchase Agreement, the Disposals (together with the Leaseback) and the Offer
"Latest Practicable Date"	28 January 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Leaseback"	the lease of the Property from Winning Treasure to the Remaining Group immediately after the completion of the Property Disposal
"Leaseback Agreement"	the tenancy agreement dated 23 January 2015 entered into between Winning Treasure and NMG Publishing in relation to the Leaseback
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Media Group"	New Media Group Limited (formerly known as New Media Enterprise Investment Limited), a company incorporated in BVI, and an indirect wholly-owned subsidiary of the Company
"New Media Sale Shares"	being 647,950,000 issued Shares, representing approximately 74.99% of the total issued shares of the Company
"New Media 9.99% Share Disposal"	the sale of 9.99% issued share capital of New Media Group by Right Bliss to Rawlings pursuant to the New Media 9.99% Share Disposal Agreement
"New Media 9.99% Share Disposal Agreement"	the agreement dated 23 December 2014 between Right Bliss as vendor and Rawlings as purchaser in relation to the sale and purchase of 999 shares of New Media Group, representing 9.99% of its issued share capital
"NMG Publishing"	New Media Group Publishing Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company and is a member of the Remaining Group

"Offer"	subject to the Share Purchase Completion, the mandatory unconditional cash offer to be made by Somerley Capital on behalf of the Offeror to acquire all the Offer Share(s) in accordance with the Takeovers Code
"Offer Share(s)"	Share(s) not already owned or agreed to be acquired by the Offeror or parties acting in concert with it
"Offeror"	Acelin Global Limited, a company incorporated in BVI and an indirect wholly-owned subsidiary of Evergrande
"PRC"	the People's Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Property"	the building located at Kwun Tong Inland Lot No. 646, No. 82 Hung To Road, Kowloon, Hong Kong
"Property Disposal"	the disposal of 100% equity interests in the Property Group and the Jade Talent Sale Loan
"Property Disposal Agreement"	the sale and purchase agreement dated 23 December 2014 entered into between New Media Group as vendor and Good Force as purchaser in relation the Property Disposal
"Property Group"	Jade Talent and Winning Treasure
"Rawlings"	Rawlings Limited, a company incorporated in Anguilla and a wholly-owned subsidiary of AY Holdings
"Remaining Group"	the Group immediately after the Disposals Completion
"Right Bliss"	Right Bliss Limited, a company incorporated in BVI and a wholly-owned subsidiary of the Company
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of the Company
"Share Purchase"	the purchase of the Holdco Sale Share by the Offeror from the Selling Shareholder in accordance with the terms and conditions of the Share Purchase Agreement

"Share Purchase Agreement"	the sale and purchase agreement dated 25 November 2014 (as supplemented on 23 December 2014) between the Selling Shareholder, the Offeror and Evergrande in relation to the sale and purchase of Holdco Sale Share
"Share Purchase Completion"	completion of the Share Purchase Agreement, details of which were set out in the Joint Announcement
"Shareholder(s)"	holder(s) of Share(s)
"Somerley Capital"	Somerley Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror
"Special Deals"	the Disposals (including the Leaseback) which constitute special deals for the Company under Rule 25 of the Takeovers Code
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers of Hong Kong issued by the SFC
"Winning Treasure"	Winning Treasure Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Jade Talent
"%"	per cent.

新 傳 媒 集 團 控 股 有 限 公 司
NEW MEDIA GROUP HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 708)

Executive Directors:
Ms. Percy Hughes, Shirley *(Chief Executive Officer)*
Mr. Lee Che Keung, Danny
Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors:
Ms. Hui Wai Man, Shirley
Ms. Kwan Shin Luen, Susanna
Ms. Chan Sim Ling, Irene

Registered office:
9th Floor
New Media Tower
No. 82 Hung To Road
Kwun Tong, Kowloon
Hong Kong

29 January 2015

To the Shareholders

Dear Sir/Madam,

(I) MAJOR AND CONNECTED TRANSACTIONS AND SPECIAL DEALS IN RELATION TO THE DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL AND SHAREHOLDER'S LOAN OF JADE TALENT HOLDINGS LIMITED (TOGETHER WITH A LEASEBACK) AND 9.99% OF ISSUED SHARE CAPITAL OF NEW MEDIA GROUP LIMITED AND (II) NOTICE OF GENERAL MEETING

INTRODUCTION

On 23 December 2014, it was announced that, (i) on 25 November 2014 (after trading hours), the Selling Shareholder, the Offeror and Evergrande entered into the Share Purchase Agreement (as supplemented on 23 December 2014), pursuant to which the Selling Shareholder has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, the total issued share capital of Holdco which is the beneficial owner of all New Media Sale Shares, being 647,950,000 Shares, representing approximately 74.99% of the total issued Shares as at the date of the Share Purchase Agreement at an aggregate consideration of HK$950,000,000 (equivalent to approximately HK$1.466 per New Media Sale Share); (ii) on 23 December 2014, New Media Group (a subsidiary of the Company) and Good Force (a subsidiary of Emperor International) entered into the Property Disposal Agreement, whereby New Media Group has agreed to sell to Good Force the entire equity interest of Jade Talent and the benefits of shareholder's loans advanced by New Media Group to Jade Talent; and (iii) on 23 December 2014, Right Bliss (a subsidiary of the Company) and Rawlings (a subsidiary of AY Holdings) entered into the New Media 9.99% Share Disposal Agreement, whereby Right Bliss has agreed to sell to Rawlings 9.99% of the issued shares of New Media Group. On 23 January 2015, Winning Treasure and NMG Publishing entered into the Leaseback Agreement, whereby NMG Publishing has agreed to rent the Property owned by Winning Treasure for 3 years at a monthly rental of HK$1,225,000 effective from the completion of Property Disposal and the Share Purchase Completion.

The Disposals, subject to the conditions thereof, will be completed together with the Share Purchase Completion.

Upon the Share Purchase Completion, the Offeror, and parties acting in concert with it will be interested in the New Media Sale Shares, representing approximately 74.99% of the issued Shares of the Company as at the Latest Practicable Date, and the Company will be an independent third party to Emperor International and its subsidiaries.

The Disposals (together with the Leaseback) constitute major and connected transactions for the Company under the Listing Rules and special deals on the part of the Company under Note 4 to Rule 25 of the Takeovers Code which requires the approval of the Independent Shareholders at the GM by way of poll and the Independent Financial Advisor publicly stating in its opinion the terms of such transactions are fair and reasonable. The Disposals are also subject to the consent of the Executive under Rule 25 of the Takeover Code.

The Company has established an Independent Board Committee comprising all the non-executive Directors namely Ms. Hui Wai Man, Shirley, Ms. Kwan Shin Luen, Susanna and Ms. Chan Sim Ling, Irene to advise the Independent Shareholders in respect of the proposed Disposals (and the Leaseback). Messis Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection therewith. The appointment of Messis Capital has been approved by the Independent Board Committee.

The purpose of this circular is to provide you with, inter alia, (i) further information of the proposed Disposals (and the Leaseback); (ii) the recommendation from the Independent Board Committee; (iii) the advice from Messis Capital in respect of the proposed Disposals (and the Leaseback); (iv) the valuation report of the Property; (v) other information as required by the Listing Rules; and (vi) notice of the GM to be convened for the purpose of considering and, if thought fit, approving, by way of poll the proposed Disposals (and the Leaseback) and the respective transactions contemplated thereunder.

THE PROPERTY DISPOSAL AGREEMENT

Date: 23 December 2014

Vendor: New Media Group, a company incorporated in BVI with limited liability and is an indirect wholly-owned subsidiary of the Company.

Purchaser: Good Force, a company incorporated in BVI which is a wholly-owned subsidiary of Emperor International. Emperor International is an investment holding company and its subsidiaries are principally engaged in property investments, property development and hospitality in the Greater China and overseas.

Subject matter

Pursuant to the Property Disposal Agreement, New Media Group has agreed to sell and Good Force has agreed to purchase (a) the entire equity interest of Jade Talent and (b) the Jade Talent Sale Loan.

Property Disposal consideration

The consideration for the Property Disposal shall be the sum of (i) the consolidated net asset value of Jade Talent as at the completion of the Property Disposal (with the value of the Property being HK$420 million), and (ii) the face value of the Jade Talent Sale Loan. The agreed value of the Property of HK$420 million is determined with reference to the valuation of the Property which has been carried out by an independent valuer. The valuation report for the Property is included in this circular. Please refer to the Appendix II of this circular.

With reference to (i) the audited net asset value of Jade Talent of approximately HK$91.5 million (with the carrying value of the Property being HK$384 million as at 30 June 2014); (ii) the shareholder's loan due from Jade Talent to New Media Group of approximately HK$289 million as at 30 June 2014 and (iii) the carrying value of the Property of HK$384 million be replaced by HK$420 million based on the valuation report as set out in the Appendix II of this circular, the consideration for the Property Disposal shall be approximately HK$416.5 million. Based on the historical financial performance of the Property Group that there was no material fluctuation on the consolidated net asset value of the Property Group except for the fair value changes of investment property, the Directors consider that the indicative figure of HK$416.5 million as the consideration for the Property Disposal is fair and reasonable and the consideration is expected to be not more than HK$430 million. The Company will announce the finalised consideration of the Property Disposal once it is determined.

The Property Disposal consideration is based on (i) the consolidated net asset value of Jade Talent upon completion (with (ii) Property revaluated to HK$420 million) and (iii) the fair value of Jade Talent Sale Loan. The fluctuation of factors (i) and (iii) will be fully reflected in the computation of Property Disposal consideration at a dollar-for-dollar basis. Factor (ii) will govern the gain or loss to be accrued to the Company as a result of the Property Disposal being the difference between the book value of the Property (and its relevant leasehold improvement) under the consolidated financial statements of the Company and the new valuation of HK$420 million. Based on the consolidated audited financial statements of the Company as at 30 June 2014, the Directors consider that the Remaining Group will realise a gain of approximately HK$134 million from the Property Disposal which is calculated with reference to the difference between HK$420 million and the carrying value of the Property including relevant leasehold improvements of approximately HK$286 million. In other words, there will be an excess of the consideration over the consolidated net book value of the assets of Jade Talent of approximately HK$134 million.

Such expected gain is equivalent to the difference between the indicative consideration of HK$416.5 million and the total of (i) the consolidated net asset deficit of Jade Talent of HK$6.5 million (being the consolidated net asset value of HK$91.5 million after replaced the carrying value of the Property and the relevant leasehold improvements of HK$384 million by HK$286 million being the value of the Property at cost at consolidation level of the Group) and (ii) the shareholder's loan due from Jade Talent to New Media Group of approximately HK$ 289 million.

Good Force will settle the consideration by cash on the completion date of the Property Disposal.

Property Disposal conditions

Completion of the Property Disposal Agreement is conditional upon:

(a) the approval of the Property Disposal Agreement and the Leaseback Agreement and the transactions contemplated thereunder by the independent shareholders of Emperor International at a special general meeting of Emperor International in accordance with the Listing Rules;

(b) the approval of the Property Disposal Agreement and the Leaseback Agreement and the transactions contemplated thereunder by the Independent Shareholders at the GM in accordance with the Listing Rules and the Takeovers Code;

(c) the consent of SFC in relation to the transactions contemplated under the Property Disposal Agreement and the Leaseback Agreement under Rule 25 of the Takeovers Code having been obtained;

(d) the Leaseback Agreement having been duly signed;

(e) the New Media 9.99% Share Disposal Agreement becoming unconditional; and

(f) the obtaining of all necessary approvals, authorisations or consents in Hong Kong, BVI or elsewhere in relation to the transactions contemplated under the Property Disposal Agreement.

The conditions above shall not be waived in any event. As at the Latest Practicable Date, condition (d) has been duly satisfied. Please refer to the paragraph "Leaseback Agreement in relation to the Property" below.

Parties to the Property Disposal Agreement agreed to use their respective best endeavours to satisfy the conditions above. In the event that any of the conditions shall not have been fulfilled prior to 30 April 2015 (or such other date as the parties to the Property Disposal Agreement may agree), then the parties to the Property Disposal Agreement shall not be bound to proceed with the Property Disposal Agreement and the Property Disposal Agreement shall cease to be of any effect (save in respect of claims arising out of any antecedent breach).

The Property Disposal Agreement is conditional upon the Property Disposal Agreement and the Leaseback Agreement both duly approved by the respective independent shareholders of the Company and Emperor International. If the Leaseback Agreement is not approved by the respective shareholders, the Property Disposal Agreement cannot become unconditional and it will lapse according to its terms.

Property Disposal completion

Subject to the conditions to the Property Disposal Agreement having been satisfied, the Property Disposal shall take place on the date of the Share Purchase Completion.

If the conditions to the Property Disposal Agreement have not been satisfied on 30 April 2015 or such other later date as the contracting parties may agree, the Property Disposal together with the New Media 9.99% Share Disposal, which is inter-conditional with the Property Disposal, shall not take place accordingly. However, in such circumstances, the parties to the Share Purchase Agreement may, if they so agree, nonetheless elect to proceed with the Share Purchase Completion with the Property and 100% (as opposed to 90.01%) of New Media Group remaining in the Group.

Information of Jade Talent and the Property Group

Jade Talent is an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date. Jade Talent is an investment holding company solely for the purpose of holding the interests in the Property through Winning Treasure. Below is the audited consolidated net profit (before and after taxation) of Jade Talent for the years ended 30 June 2013 and 2014:

	For the year ended 30 June 2014 *(HK$ million)*	**For the year ended 30 June 2013** *(HK$ million)*
Profit before taxation	35.9	39.9
Profit after taxation	33.9	38.0

The audited consolidated net asset value of Jade Talent as at 30 June 2014 was HK$91.5 million whilst the fair value of the Property as at 30 June 2014 was HK$384 million.

The Property Group will cease to be the subsidiaries of the Company upon the completion of the Property Disposal.

Information of the Property

The Property comprises a 10-storey industrial building located at No. 82 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Property occupies a site area of approximately 10,000 sq.ft. (929.02 sq.m.). The gross area of the Property is approximately 89,500 sq.ft. (8,314.75 sq.m.) inclusive of carpark area on the ground floor.

Leaseback Agreement in relation to the Property

Date: 23 January 2015

Landlord: Winning Treasure

Tenant: NMG Publishing, a member of the Remaining Group

Property: the Property

Term: 3 years from the date of completion of the Property Disposal and the Share Purchase Completion

Rent: HK$1,225,000 per month (cash payment in advance on the first day of the month)
Exclusive of government rent & rates, management fees, and other outgoings

Deposit: HK$3,675,000 which is equivalent to three months' rent

The terms of the Leaseback Agreement are arrived at after arm's length negotiation and are on normal commercial terms. The determination of rent is resulted from arm's length negotiation between the relevant parties with reference to the prevailing market rent of similar properties in the nearby locations. The Leaseback is conditional upon the Property Disposal being completed and it will become effective upon the completion of the Property Disposal and the Share Purchase. None of the parties to the Leaseback Agreement or the Property Disposal Agreement can waive this condition. Upon completion of the Property Disposal and the Share Purchase Completion, Winning Treasure will become independent third party to the Remaining Group. Otherwise, if the Property Disposal Agreement is not completed, the Leaseback Agreement will be terminated.

THE NEW MEDIA 9.99% SHARE DISPOSAL AGREEMENT

Date: 23 December 2014

Vendor: Right Bliss, a company incorporated in BVI with limited liability and is wholly-owned by the Company.

Purchaser: Rawlings, a company incorporated in Anguilla and is wholly-owned by AY Holdings.

Subject matter

Pursuant to the New Media 9.99% Share Disposal Agreement, Rawlings has conditionally agreed to purchase and Right Bliss has conditionally agreed to sell 9.99% of the issued shares of New Media Group.

New Media 9.99% Share Disposal consideration

The consideration for the New Media 9.99% Share Disposal shall be 9.99% of the consolidated net assets of New Media Group as at the completion of the New Media 9.99% Share Disposal.

With reference to the audited consolidated net asset value of New Media Group as at 30 June 2014 and after repayment of any outstanding loan due to the Company upon completion of the New Media 9.99% Share Disposal Agreement, the consideration for the New Media 9.99% Share Disposal shall be approximately HK$14 million. Based on the historical financial performance of the Group that there was no material fluctuation on the consolidated net asset value of the Group, the Directors consider that the indicative figure of HK$14 million as the consideration for the New Media 9.99% Share Disposal is fair and reasonable and the consideration is expected to be not more than HK$16 million. The Company will announce the finalised consideration of New Media 9.99% Share Disposal once it is determined.

The Directors consider that no gain or loss from the New Media 9.99% Share Disposal as the consideration will be equal to 9.99% of the consolidated net asset value of New Media Group as at completion of the New Media 9.99% Share Disposal. In other words, there will be no excess or deficit of the consideration over the consolidated net book value of the asset of New Media Group.

Rawlings will settle the consideration in cash on the date of the Share Purchase Completion.

New Media 9.99% Share Disposal conditions

The completion of the New Media 9.99% Share Disposal Agreement is conditional upon:

(a) the approval of the New Media 9.99% Share Disposal Agreement and the transactions contemplated thereunder by the Independent Shareholders at the GM in accordance with the Listing Rules and the Takeovers Code;

(b) the consent of SFC in relation to the transactions contemplated under the New Media 9.99% Share Disposal Agreement under Rule 25 of the Takeovers Code having been obtained;

(c) the Property Disposal Agreement becoming unconditional; and

(d) the obtaining of all necessary approvals, authorisations or consents in Hong Kong, BVI or elsewhere in relation to the transactions contemplated under the New Media 9.99% Share Disposal Agreement.

The conditions above shall not be waived in any event. As at the Latest Practicable Date, none of the conditions has been fulfilled.

Parties to the New Media 9.99% Share Disposal Agreement agreed to use their respective best endeavours to satisfy the conditions above. In the event that any of the conditions shall not have been fulfilled prior to 30 April 2015 (or such other date as the parties to the New Media 9.99% Share Disposal Agreement may agree), then the parties to the New Media 9.99% Share Disposal shall not be bound to proceed with the New Media 9.99% Share Disposal and the New Media 9.99% Share Disposal Agreement shall cease to be of any effect (save in respect of claims arising out of any antecedent breach).

The New Media 9.99% Share Disposal completion

Subject to the conditions of the New Media 9.99% Share Disposal Agreement having been satisfied, the New Media 9.99% Share Disposal shall take place on the date of the Share Purchase Completion. If the conditions to the New Media 9.99% Share Disposal Agreement have not been satisfied on 30 April 2015 or such other later date as the contracting parties may agree, if applicable, the New Media 9.99% Share Disposal together with the Property Disposal, which is inter-conditional with the New Media 9.99% Share Disposal, shall not take place accordingly. However, in such circumstances, the parties to the Share Purchase Agreement may, if they so agree, nonetheless elect to proceed with the Share Purchase Completion with the Property and 100% (as opposed to 90.01%) of New Media Group remaining in the Group.

Information of New Media Group

New Media Group is an investment holding company of which its subsidiaries carry on the whole operation of the Group. Below is the audited consolidated results of New Media Group for the years ended 30 June 2013 and 30 June 2014.

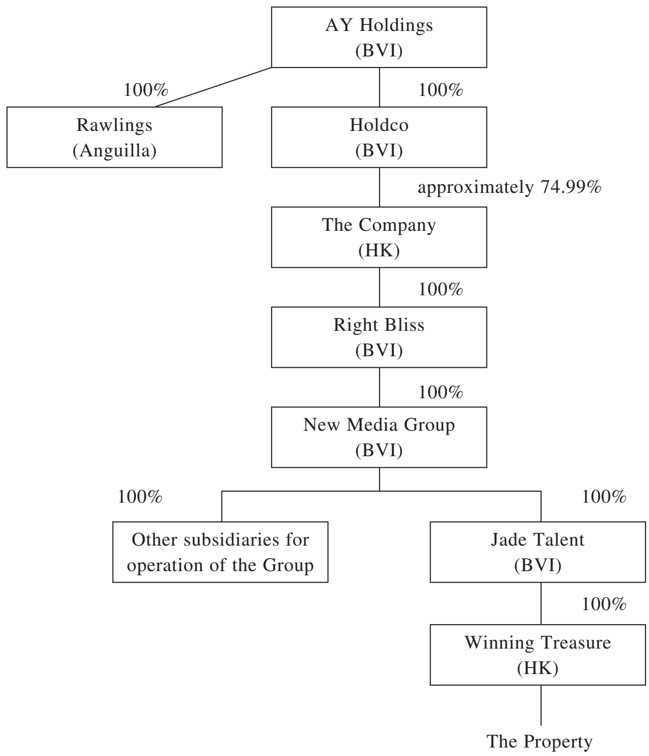
	For the year ended 30 June 2014 *(HK$ million)*	**For the year ended 30 June 2013** *(HK$ million)*
Profit before taxation	12.6	27.8
Profit after taxation	10.7	22.7

The audited consolidated net asset value of New Media Group as at 30 June 2014 was HK$170 million. New Media 9.99% Share Disposal accounts for net asset value of approximately HK$16.9 million with reference to the audited consolidated results of New Media Group as at 30 June 2014. The difference between the consolidated net asset value of the Company as at 30 June 2014 of HK$456 million and the consolidated net asset value of New Media Group as at 30 June 2014 of HK$170 million is the asset of the Company consist mainly of amount due from New Media Group of approximately HK$281 million and cash of approximately HK$5 million.

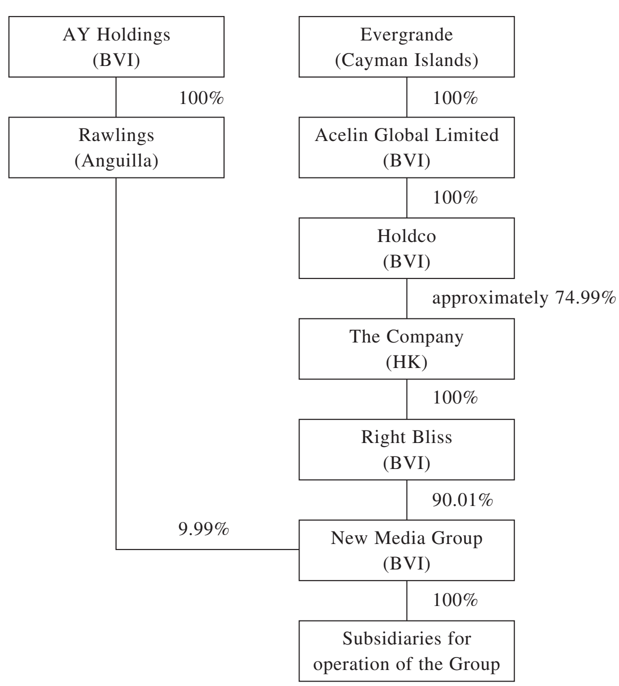
New Media Group will continue to be a subsidiary of and will be held as to 90.01% indirectly by the Company upon the completion of the New Media 9.99% Share Disposal. Currently, the Directors have no plan to sell the remaining shares of New Media Group.

Below is the group structure of the Group before and after the Share Purchase Completion and the Disposals:

As at the Latest Practicable Date



After Share Purchase Completion and the Disposals



Reason and use of proceeds for the Disposals

The Company is an investment holding company and its subsidiaries are principally engaged in (i) the publication and marketing of Chinese-language weekly magazines and books; and (ii) the sale of advertising spaces in the magazines and books published by the Group.

The Disposals shall have no effect on the daily operation of the Group. After the Share Purchase Completion and the completion of the Disposals, the Remaining Group will continue its existing business.

The net proceeds from the Disposals is expected to be approximately HK$430 million. After discussions between the Directors and the Offeror, it is expected that the net proceeds from the Disposals, if materialized, will be utilised by the Group primarily in the following manners:

(1) approximately 10% will be used for investing in and expanding the Group's existing business operations, including but not limited to, upgrading digital infrastructure and servers and expanding the existing multimedia production studio by acquiring an office to facilitate the business development in digital media;

(2) approximately 85% will be utilized by the Group for investment into cosmetic surgery, beauty treatment and healthcare related businesses in the PRC which may include (but not limited to) the setting up of a plastic surgery hospital in the PRC. It is envisaged by the Offeror that a significant portion of this part of the net proceeds from the Disposals may be deployed for the capital expenditure of the aforesaid hospital in the PRC. However, as at the Latest Practicable Date, no definitive terms or timetable have been reached by the Offeror and the Company in respect of such proposed deployment of funds by the Group;

(3) the remaining 5% of the net proceeds from the Disposals for the Group's general working capital purposes.

Nevertheless, the Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing more detailed and sustainable business plan or strategy for the Group and explore other business or investment opportunities for enhancing its future development. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may consider diversifying the business of the Group which may or may not involve adjustment(s) to the above application of the net proceeds from the Disposals (if materialized).

Save as disclosed above and as at the Latest Practicable Date, the Company has not identified any suitable investment opportunities and is not in discussions for any investment projects. The Company will make announcement in compliance with the requirements of the Listing Rules as and when appropriate.

The Directors consider the Disposals (including the Leaseback) are fair and reasonable and in the interests in the Company and its shareholders as a whole, since

(i) the Property Disposal would enable the Company to have cash ready for extending the existing core business of the media and publishing business and facilitate the progression through potential investment in cosmetic surgery, beauty treatment and healthcare related businesses in the PRC. Although there are no definitive terms or timetable for the new investments, the proceeds will provide flexibility to the Remaining Group to make timely commitment once any terms are materialized. Cash for new business will be required by the Remaining Group in the future in any event. Given that the price of the Property Disposal is fair and reasonable and a gain will be accrued as a result, the Directors consider that it is the right timing to sell the Property;

(ii) the Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing more detailed and sustainable business plan or strategy for the Group and explore other business or investment opportunities for enhancing its future development, including the review on the contingent plan to mitigate the risk in case of early termination of Leaseback Agreement or non-renewal upon the expiry of the Leaseback. However, the Directors consider that widening the income base is of vital importance to the Company's long term sustainability and are always confident with the management team of the Company which is versatile and capable of adapting to the ever-changing business environment and condition. Given that the existing business of the Group is based on manpower rather than bulky machinery operation, the Directors do not foresee any difficulties in finding new places and the potential disruption to the business due to possible removal to new address in the future will be minimal;

(iii) it is considered that the change in control of the Company could have psychological effect on the existing staffs of the Group, who will carry out the existing business of the Remaining Group. It is believed that AY Trust maintains a less than 10% interests in New Media Group can minimize any negative effects which could impact the performance of the existing staffs and the Remaining Group's daily operation on media and publishing business; and

(iv) it is considered that the determination of the consideration of New Media 9.99% Share Disposal based on the net asset value of New Media Group is fair and reasonable because the net asset value is more able to reflect the financial position of New Media Group as it is relatively stable and more ascertainable as compared to its profit or the performance of the share price of the Company. The increase in net asset value is almost equivalent to the profits made during the year as there is no non-operational factor (such as re-valuation of property*) which will affect the net asset value. That means, the consolidated net asset value of New Media Group is able to reflect accurately the business performance of its operation. (*note: the Property is for self-use and therefore no re-valuation is required.) The Directors attempted to compare the price-to-earnings ratio (the "P/E Ratio") which is calculated with reference to the valuation of 100% of the equity of New Media Group as implied by the consideration for the New Media 9.99% Share Disposal to the audited net profit after taxation of New Media Group for the year ended 30 June 2014, with the P/E Ratio of comparable companies engaged in business similar to New Media Group. Comparable companies are selected based on the following criteria: (i) of companies listed on the Stock Exchange; (ii) generating segment revenue from the provision of publication of printed media (including newspaper and magazine), which is similar to the principal business of the Target Group, of not less than 50% of the total revenue of the latest financial year and of a profit-making position; and (iii) having more than half of the segment revenue derived in the PRC region (including Hong Kong and Macau). The P/E Ratio represented by the consideration for the New Media 9.99% Share Disposal is within the range and approximates to the mean of that of the comparable companies.

Risk relating to the Property Disposal and the Leaseback

Upon completion of the Property Disposal, the Group will no longer own the Property in which the Group is carrying out its existing operation. As such, the Leaseback Agreement had been duly signed and it will become effective from the date of completion of the Property Disposal and the Share Purchase Completion. There is no assurance that the Leaseback Agreement will not be terminated prior to the end of their respective term or it will be renewed after expiry of the 3-year term of the Leaseback Agreement. In the event of early termination or the Leaseback Agreement is not renewed, there is no assurance that property in substitution will be available to the Remaining Group in a timely manner and in terms commercially acceptable to the Company. Any termination of the Leaseback Agreement on terms and conditions unfavorable to the Remaining Group may lead to the disruption of the Remaining Group's daily operation if the Remaining Group fails to identify replacement of the property within a short period of time.

Risk relating to the New Media 9.99% Share Disposal

The Directors consider that there are no material disadvantages or risk factors associated with the New Media 9.99% Share Disposal since New Media Group will continue be a subsidiary of the Company and there will be no changes in the management of New Media Group.

FINANCIAL EFFECTS OF THE DISPOSALS ON THE GROUP

Earnings

Save as (i) the one-off gain as a result of the Property Disposal (details of which are set out in the paragraph "Property Disposal consideration" in this circular); (ii) the profit attributable to the owners of the Company will be reduced by 9.99% due to the arising of the non-controlling interests over New Media Group and (iii) the immaterial effect resulted from the rental expense of HK$1.2 million per month payable by the Remaining Group under the Leaseback Agreement, which will be outweighted by the avoidance of depreciation charges of approximately HK$1 million per month, the Disposals (together with the Leaseback) will not have any other financial impact on the earnings of the Remaining Group. The Directors consider that all these effects will not materially affect the Remaining Group as (i) the Property indirectly held by Jade Talent is for the Group's own use and does not generate income for the Group and (ii) the disposal of 9.99% of New Media Group will not affect the day-to-day operation of the Remaining Group.

Assets and liabilities

For the Property Disposal, based on the audited financial information of the Group as at 30 June 2014 and the value of the Property being HK$420 million, the total assets of the Group are expected to increase by HK$134 million being the difference of the value of the Property of HK$420 million and the carrying value of the Property (including its relevant leasehold improvement) of approximately HK$286 million. There will be an expected decrease in the total liabilities of the Group of HK$4.2 million based on the audited financial statements of Jade Talent as at 30 June 2014 as a result of deconsolidation of liabilities held by Jade Talent.

For the New Media 9.99% Share Disposal, based on the audited financial information of the Group as at 30 June 2014, the total assets of the Group will increase by HK$14 million due to the proceeds of HK$14 million from New Media 9.99% Share Disposal. There will be no change in the total liabilities of the Group as a result of the New Media 9.99% Share Disposal.

INFORMATION OF THE PURCHASERS

The purchaser under the Property Disposal Agreement, Good Force, is a wholly-owned subsidiary of Emperor International. Emperor International is an investment holding company and its subsidiaries are principally engaged in property investments, property development and hospitality in the Greater China and overseas.

The purchaser under the New Media 9.99% Share Disposal Agreement, Rawlings, is an investment holding company. It is a wholly-owned subsidiary of AY Holdings. AY Holdings is an investment holding company and is holding various investments under the AY Trust, of which Dr. Albert Yeung is the founder, including the holding of the Holdco Sale Share and approximately 74.83% of the shares of Emperor International.

IMPLICATIONS OF THE DISPOSALS TO THE COMPANY UNDER THE LISTING RULES AND THE TAKEOVERS CODE

As one of the applicable percentage ratios in respect of the Disposals is between 25% and 75%, the Disposals constitute major transactions for the Company pursuant to the Listing Rules. The purchaser of the Property Disposal, Good Force, is indirectly controlled by the Selling Shareholder and thus the Property Disposal (together with the Leaseback) also constitutes a connected transaction of the Company pursuant to the Listing Rules. The purchaser of the New Media 9.99% Share Disposal is a wholly-owned subsidiary of the Selling Shareholder and thus the New Media 9.99% Share Disposal also constitutes a connected transaction of the Company pursuant to the Listing Rules. The Disposals (together with the Leaseback) are subject to the approval of the Independent Shareholders at the GM.

The Disposals (together with the Leaseback) constitute special deals on the part of the Company under Note 4 to Rule 25 of the Takeovers Code and require the consent of the Executive. Such consent application has been submitted by the Company to the Executive. The consent, if granted, will be subject to the Independent Financial Adviser publicly stating that in its opinion the terms of the Special Deals are fair and reasonable; and the approval of the Special Deals by the Independent Shareholders by way of poll at the GM. Shareholders including (i) AY Holdings and parties acting in concert with it (including Holdco, Good Force, Rawlings and Emperor International) (ii) the Offeror and parties acting in concert with it and (iii) any Shareholders who are involved in or interested in the Special Deals or any transactions contemplated therein will abstain from voting on the proposed resolutions in respect of the Special Deals at the GM. As at the Latest Practicable Date, Holdco controls or is entitled to exercise control over the voting rights of 647,950,000 Shares, representing approximately 74.99% of the total issued share capital of the Company; save as Holdco, to be best of the Directors' knowledge, information and belief and having made all reasonable enquires, no other shareholders are required to abstain from voting at the GM in relation to the Disposals and the Leaseback.

As Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa were also directors of Emperor International, they had abstained from voting on the Board resolutions approving the Property Disposal and the Leaseback. Save for the aforesaid, no other Director has a material interest in the Property Disposal and the Leaseback and were required to abstain from voting on the board resolutions approving the transactions. Since the New Media 9.99% Share Disposal is interconditional with the Property Disposal, Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa had also abstained from voting on the Board resolution approving the New Media 9.99% Share Disposal even they have no material interest in the New Media 9.99% Share Disposal. Save for the aforesaid, no other Director has material interest in the New Media 9.99% Share Disposal and abstained from voting on the board resolution approving the New Media 9.99% Share Disposal.

Independent Board Committee

The Company has established an Independent Board Committee comprising Ms. Hui Wai Man, Shirley, Ms. Kwan Shin Luen, Susanna and Ms. Chan Sim Ling, Irene (all of whom are non-executive Directors) to advise the Independent Shareholders in respect of the Disposals (together with the Leaseback). Messis Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection therewith. The appointment of Messis Capital has been approved by the Independent Board Committee.

GM

A notice convening the GM to be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on 13 February 2015 at 10:30 a.m. is set out on pages 61 to 62 of this circular. Ordinary resolutions will be proposed at the GM for the Independent Shareholders to approve the Property Disposal Agreement (together with the Leaseback Agreement) and the New Media 9.99% Share Disposal Agreement and the transactions contemplated thereunder. In compliance with the Listing Rules, the ordinary resolutions will be voted by way of poll and the results of the GM will be published after the GM.

A form of proxy for use at the GM is enclosed with the circular. Whether or not you intend to attend and vote at the GM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, but in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the GM or any adjourned meeting.

RECOMMENDATION

The Board is of the view that the terms of Disposals Agreements (together with the Leaseback) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the GM.

You are advised to read carefully (i) the letter from the Independent Board Committee set out on pages 21 and 22 of this circular; and (ii) the letter of advice from Messis Capital to the Independent Board Committee and the Independent Shareholders in connection with the proposed Disposals and the Leaseback set out on pages 23 to 40 of this circular before deciding whether or not to vote in favour of the ordinary resolutions to be proposed at the GM.

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully
By order of the Board
New Media Group Holdings Limited
Percy Hughes, Shirley
Executive Director and Chief Executive Officer

The following is the text of the letter from the Independent Board Committee to the Independent Shareholders in respect of the proposed Disposals (including the Leaseback) prepared for the purpose of inclusion in this circular.

新傳媒集團控股有限公司
NEW MEDIA GROUP HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 708)

29 January 2015

To the Independent Shareholders

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTIONS AND SPECIAL DEALS IN RELATION TO THE DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL AND SHAREHOLDER'S LOAN OF JADE TALENT HOLDINGS LIMITED (TOGETHER WITH A LEASEBACK) AND 9.99% OF ISSUED SHARE CAPITAL OF NEW MEDIA GROUP LIMITED

We refer to the circular of the Company to the Shareholders dated 29 January 2015 (the "Circular"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to, among others, advise the Independent Shareholders in respect of the terms of the proposed Disposals (together with the Leaseback), details of which are set out in the "Letter from the Board" in the Circular. We wish to draw your attention to the letter of advice from Messis Capital, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the proposed Disposals (together with the Leaseback) set out on pages 23 to 40 of the Circular, and the letter from the Board set out on pages 6 to 20 of the Circular.

Having considered, among others, the factors and reasons considered by, and the advice given by Messis Capital on the terms of the proposed Disposals (together with the Leaseback), we consider that the terms and conditions of the proposed Disposals (together with the Leaseback), which are not in ordinary and usual course of business of the Company, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the proposed Disposals (together with the Leaseback) are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the GM to approve the proposed Disposals (together with the Leaseback) and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee
New Media Group Holdings Limited

Hui Wai Man, Shirley	**Kwan Shin Luen, Susanna**	**Chan Sim Ling, Irene**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.

大 有 融 資 有 限 公 司
MESSIS CAPITAL LIMITED

29 January 2015

To: The Independent Board Committee and the Independent Shareholders of New Media Group Holdings Limited

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTIONS AND SPECIAL DEALS FOR NEW MEDIA GROUP HOLDINGS LIMITED IN RELATION TO THE DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL AND SHAREHOLDERS LOAN OF JADE TALENT HOLDINGS LIMITED (TOGETHER WITH A LEASEBACK) AND 9.99% OF ISSUED SHARE CAPITAL OF NEW MEDIA GROUP LIMITED

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposals (together with the Leaseback), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular (the "**Circular**") of the Company to the Shareholders dated 29 January 2015, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

On 23 December 2014, New Media Group, a subsidiary of the Company, entered into the Property Disposal Agreement for the disposal of the entire equity interest of Jade Talent and the Jade Talent Sale Loan to Good Force, a subsidiary of Emperor International. Pursuant to the terms of the Property Disposal Agreement, Winning Treasure, the member of the Property Group which holds the Property, shall also enter into the Leaseback Agreement with the Remaining Group in relation to the lease of the Property prior to the completion of the Property Disposal. On the same date, Right Bliss, a subsidiary of the Company has entered into the New Media 9.99% Share Disposal Agreement for the disposal of 9.99% of the total issued shares of New Media Group to Rawlings, a subsidiary of AY Holdings. The Disposals Agreements are inter-conditional and conditional upon, among other things, the approval by the Independent Shareholders at the GM in accordance with the Listing Rules and the Takeovers Code. Please refer to the paragraphs headed "Property Disposal conditions" and "New Media 9.99% Share Disposal conditions" in the Joint Announcement for further details of the conditions of each of the Disposals respectively.

As one of the applicable percentage ratios in respect of the Disposals is between 25% and 75%, the Disposals constitute major transactions for the Company pursuant to the Listing Rules. The purchaser of the Property Disposal, Good Force, is indirectly controlled by the Selling Shareholder and thus the Property Disposal (together with the Leaseback) also constitutes a connected transaction of the Company pursuant to the Listing Rules. The purchaser of the New Media 9.99% Share Disposal is a wholly owned subsidiary of the Selling Shareholder and thus the New Media 9.99% Share Disposal also constitutes a connected transaction of the Company pursuant to the Listing Rules. The Disposals (together with the Leaseback) are subject to the approval of the Independent Shareholders at the GM.

The Disposals (together with the Leaseback) constitute special deals on the part of the Company under Note 4 to Rule 25 of the Takeovers Code and require the consent of the Executive. Such consent, if granted, will be subject to the Independent Financial Adviser publicly stating that in its opinion the terms of the Special Deals are fair and reasonable; and the approval of the Special Deals by the Independent Shareholders by way of poll at the GM. Shareholders including (i) AY Holdings and parties acting in concert with it (including Holdco, Good force, Rawlings and Emperor International); (ii) the Offeror and parties acting in concert with it; and (iii) any Shareholders who are involved in or interested in the Special Deals or any transactions contemplated therein will abstain from voting on the proposed resolutions in respect of the Special Deals at the GM.

An Independent Board Committee comprising all non-executive Directors, namely, Ms. Hui Wai Man, Shirley, Ms. Kwan Shin Luen, Susanna and Ms. Chan Sim Ling, Irene, has been established by the Company for the purpose of, among other things, advising the Independent Shareholders in relation to the Disposals.

We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Disposals (together with the Leaseback) are on normal commercial terms and 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; and (ii) how the Independent Shareholders should vote in respect of the relevant resolutions to approve the Disposals (together with the Leaseback) at the GM. Our appointment has been approved by the Independent Board Committee

Other than this appointment as the Independent Financial Adviser to the Independent Board Committee for the Disposals, we have no relationships or interests with the Company and any other parties that could reasonably be regarded as relevant to our independence. We are hence independent from the Company pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the Latest Practicable Date. Should there be any subsequent material changes in such information, the Company should inform the Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be notified of any material changes to such information provided in the Circular and our opinion as soon as possible after the Latest Practicable Date..

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted any independent investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Disposals, we have taken the following principal factors and reasons into consideration:

1. Background information of the Group

(a) Principal business

The Company is an investment holding company and its subsidiaries are principally engaged in Hong Kong (i) the publication of Chinese-language weekly magazines and books; (ii) the sale of advertising spaces in the magazines and books published by the Group; and (iii) the holding of the Property in Hong Kong.

(b) Historical financial information

A summary of the audited consolidated financial results of the Group for the three financial years ended 30 June 2014 as extracted from the annual reports of the Company for the financial year ended 30 June 2013 (the "Annual Report 2012/13") and 30 June 2014 (the "Annual Report 2013/14") is as below.

Table 1: Consolidated income statement of the Group

	For the year ended 30 June		
	2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Turnover			
– Advertising income	363,330	390,587	382,944
– Circulation income	73,432	89,648	108,457
– Digital business income	16,711	12,816	11,748
– Provision of magazine content	2,151	2,146	1,691
Total Turnover	455,624	495,197	504,840
Gross Profit	155,733	162,063	163,674
Profit before taxation	12,914	27,433	35,805
Profit attributable to owners of the Company	11,019	22,275	29,654

Table 2: Consolidated statement of financial position of the Group

	As at 30 June		
	2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Non-current assets	320,084	332,101	344,122
Current assets	192,154	182,497	221,692
Current liabilities	53,603	60,803	128,086
Net current assets	138,551	121,694	93,606
Net asset attributable to owners of the Company	456,060	450,657	434,862

Financial year ended 30 June 2013 vs financial year ended 30 June 2012

For the year ended 30 June 2013, the turnover slightly decreased by approximately 1.91% to approximately HK$495.20 million, down from that of approximately HK$504.84 million of the prior financial year. The decrease in turnover was mainly due to decrease in circulation income which represents sales of magazines and books, down from that of approximately HK$108.46 million for the prior financial year to approximately HK$89.65 million. According to the Annual Report 2012/2013, as a result of the rapid changes in the publishing industry towards digital and social media platforms, contribution from circulation income generated from physical distribution of magazines and books has declined, offsetting increase in contribution from digital business of approximately 9.09% as compared to the prior financial year. Profit attributable to owners of the Company for the year ended 30 June 2013 decreased by approximately 24.88% to approximately HK$22.28 million, down from that of HK$29.65 million of the prior financial year. The decrease in profit was primarily attributable to (i) increase in administrative expenses due to increased depreciation expense after the relocation to new office premises; and (ii) increase in staff costs.

As at 30 June 2013, the Group recorded net current assets and net assets attributable to owners of the Company of approximately HK$121.69 million and HK$450.66 million, respectively.

Financial year ended 30 June 2014 vs financial year ended 30 June 2013

For the year ended 30 June 2014, the turnover slightly decreased by approximately 7.99% to approximately HK$455.62 million, down from that of approximately HK$495.20 million of the prior financial year. The decrease in turnover was mainly attributable to decrease in advertising income, down from HK$390.59 million of the prior financial year to HK$363.33 million, due to general slowdown in consumption which resulted in marketers pulling back on their advertising spending. Profit attributable to owners of the Company for the year ended 30 June 2014 decreased by approximately 50.53% to approximately HK$11.02 million, down from that of HK$22.28 million of the prior financial year. The decrease in profit was primarily attributable to (i) decrease in turnover; and (ii) increase in administrative expenses due to increases in both staff costs and depreciation expenses mainly resulting from the expansion of digital business that leads to new recruitment and installation of equipment.

As at 30 June 2014, the Group recorded net current assets and net assets attributable to owners of the Company of approximately HK$138.55 million and HK$456.06 million, respectively.

2. Background of and reasons for the Disposals

(a) Background of the Property Disposal (together with the leaseback)

On 23 December 2014, New Media Group, a subsidiary of the Company, entered into the Property Disposal Agreement to dispose of the entire equity interest of Jade Talent and the Jade Talent Sale Loan to Good Force, a subsidiary of Emperor International. Pursuant to the terms of the Property Disposal Agreement, Winning Treasure, a member of the Property Group which holds the Property, shall also enter into the Leaseback Agreement with the Remaining Group in relation to the Property prior to the completion of the Property Disposal. Jade Talent is an investment holding company solely for the purpose of holding the interests in the Property through Winning Treasure.

The Property comprises a 10-storey industrial building located at No. 82 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Property occupies a site area of approximately 10,000 sq.ft. (929.02 sq.m.). The gross area of the Property is approximately 89,500 sq.ft. (8,314.75 sq.m.) inclusive of carpark area on the ground floor.

Set out below is the audited consolidated net profit (before and after taxation) of Jade Talent for the financial years ended 30 June 2013 and 30 June 2014:

	For the year ended 30 June 2014 *(HK$' million)*	For the year ended 30 June 2013 *(HK$' million)*
Profit before taxation	35.9	39.9
Profit after taxation	33.9	38.0

The turnover of the Property Group consists of the rental paid by the fellow subsidiaries of the Group for leasing of the Property for the Group's daily operation.

The audited consolidated net asset value of Jade Talent as at 30 June 2014 was approximately HK$91.5 million, of which the carrying value of the Property was HK$384 million as at 30 June 2014. The Jade Talent Sale Loan represents a shareholder's loan due from Jade Talent to New Media Group amounting to approximately HK$289 million as at 30 June 2014.

(b) Background of the New Media 9.99% Share Disposal Agreement

On 23 December 2014, being the same date of the Share Purchase Agreement and the Property Disposal Agreement, Right Bliss, a company incorporated in BVI with limited liability and is wholly-owned by the Company, and Rawlings, a company incorporated in Anguilla and is wholly-owned by AY Holdings entered into the New Media 9.99% Share Disposal Agreement, pursuant to which Rawlings has conditionally agreed to purchase and Right Bliss has conditionally agreed to sell 9.99% of the issued shares of New Media Group.

The completion of the New Media 9.99% Share Disposal Agreement is conditional upon the fulfillment or waiver (if applicable) of the conditions precedent thereto. Subject to the conditions of the New Media 9.99% Share Disposal Agreement having been satisfied or waived (if applicable), the New Media 9.99% Share Disposal shall take place on the date of the Share Purchase Completion. If the conditions to the New Media 9.99% Share Disposal Agreement have not been satisfied or waived on 30 April 2015 or such other later date as the contracting parties may agree, if applicable, the New Media 9.99% Share Disposal together with the Property Disposal, which is inter-conditional with the New Media 9.99% Share Disposal, shall not take place accordingly. However, in such circumstances, the parties to the Share Purchase Agreement may, if they so agree, nonetheless elect to proceed with the Share Purchase Completion with the Property and 100% (as opposed to 90.01%) of New Media Group remaining in the Group.

Upon completion of the New Media 9.99% Share Disposal, New Media Group will continue to be a subsidiary of the Company, owned as to 90.01% by the Company through Right Bliss and 9.99% by Rawlings.

New Media Group is an investment holding company of which its subsidiaries carrying on the whole operation of the Group. As at 30 June 2013 and 2014, the Group has no other companies other than the Company, Right Bliss and New Media Group (and its subsidiaries). As such, New Media Group and its subsidiaries are principally engaged in Hong Kong (i) the publication of Chinese-language weekly magazines and books; (ii) the sale of advertising spaces in the magazines and books published by the Group; and (iii) the holding of the Property in Hong Kong.

Set out below is a summary of the audited consolidated financial information of New Media Group for the years ended 30 June 2013 and 30 June 2014.

Table 3: Financial highlights of New Media Group

	For the year ended 30 June 2014 *(HK$' million)*	**For the year ended 30 June 2013** *(HK$' million)*
Profit before taxation	12.6	27.8
Profit after taxation	10.7	22.7

As New Media Group is an investment holding company of which its subsidiaries carry on the whole operation of the Group, we consider that the analysis on the financial information of the Group as set out in the section headed "Background Information of the Group" above applies to New Media Group, as the two sets of financial information shared the same influencing factors and followed the same trend.

(c) Reasons for and benefits of the Disposals

As stated in the Letter from the Board, it is expected that the net proceeds from the Disposals, if materialized, will be utilised by the Group primarily as to (i) 10% for investing in and expanding the Group's existing business operations, including but not limited to, upgrading digital infrastructure and servers and expanding the existing multimedia production studio by acquiring an office to facilitate the business development in digital media; (ii) 85% for investment into cosmetic surgery, beauty treatment and healthcare related businesses in the PRC which may include (but not limited to) the setting up of a plastic surgery hospital in the PRC. It is envisaged by the Offeror that a significant portion of this part of the net proceeds from the Disposals may be deployed for the capital expenditure of the aforesaid hospital in the PRC; and (iii) the remaining 5% of the net proceeds from the Disposals for the Group's general working capital purposes. However, as at the Latest Practicable Date, there are no definitive terms or timetable being reached by the Offeror and the Company in respect of such proposed deployment of funds by the Group.

Having considered that (i) the company intends to explore new business opportunities, in particular the cosmetic surgery, beauty treatment and healthcare related business by setting up a plastic surgery hospital in the PRC, which would require a substantial amount of investment; (ii) without the necessary capital on hand should any potential investment opportunities arise, the Company may not be able to seize such opportunities in time which could hinder the future development of the Company; (iii) the consideration for the Property Disposal is based on the current valuation of the Property which is based on its market value as appraised in the

Valuation Report which we consider fair and reasonable as analysed in section (3) below; and (iv) the Group might not be able to identify willing buyers for the Property and/or dispose of the Property at favourable terms in the market should an imminent funding need arise to make a timely commitment for the abovementioned business opportunities, we consider that the timing for the Property Disposal at the current consideration which is based on the appraised market value according to the Valuation is commercially justifiable.

Raising capital for potential investment in the cosmetic surgery industry in the PRC

A majority of the net proceeds from the Disposal is expected to be utilised by the Group for investment into cosmetic surgery, beauty treatment and healthcare related businesses in the PRC which may include, but not limited to the setting up of a plastic surgery hospital in the PRC. The Disposals allows the Group to free up additional capital for its potential diversification into such sectors, where the Offeror is interested to explore for the Group's future business development according to the Offeror's intention on the Company as stated in the section headed "Reasons and use of proceed for the Disposals" in the Letter from the Board.

We have, accordingly, researched on the information from the public domain with respect to the prospect of the business sectors of cosmetic surgery, in particular plastic surgery, in the PRC. According to the overview of a latest available report published in 2012 by IBISWorld, a US-based research organisation on economic, demographic and government data (www.ibisworld.com), reputable plastic surgery hospitals in the PRC are renowned for their advanced technology, professional academicians and a large number of medical bed for operations. Based on the articles published in The New York Times and The Global Times as mentioned below, demand for plastic surgeries in PRC is on the growth in recent years, driven by changing attitudes toward self-image, technological advancements, higher disposable incomes and the aging population. We consider that the recent findings of reputable media such as The New York Times and The Global Times could allow us to form a general idea about the market environment, the current trend and outlook of the plastic surgery industry in the PRC. According to the article titled "Plastic Surgery Tourism Brings Chinese to South Korea" published by The New York Times on 23 December 2014, there were 211,218 medical tourists to South Korea, a majority of which were for plastic surgery, with Chinese travelers representing the highest proportion. The South Korean government expects this figure will increase to 1 million per year by 2020. We consider that the notable demand from the PRC implies a potential for the development of plastic surgery hospitals in the PRC.

Traditionally, female is the major consumer in the domestic plastic surgery market. Over the past five years, there has been a huge boom in men's aesthetic surgery in the PRC. Cosmetic surgery is no longer the exclusive domain of female. According to an article titled "A cut above" published by The Global Times on 15 April 2014, a director of the department of plastic surgery at Peking University Third Hospital mentioned that the number of men's surgeries in their hospital increased from 504 to 752, an increase of around 50% from 2009 to 2013. A director of orthopedics at Tianjin 8630 Plastic Surgery Hospital also mentioned that their hospital performed over 600 cosmetic surgeries for university students, among which 30% were male in the summer vacation of 2013. Based on our research on the public domain, there is no official statistics in relation to the demand for plastic surgery in the PRC other than the promulgation of the relevant laws and regulations. We consider that the situation of individual hospital as quoted by the above market practitioners could offer insight into the trend of the plastic surgery industry in the PRC.

While there is great demand for plastic surgery in the PRC, the domestic plastic surgery industry has been overshadowed by safety concern on plastic procedures. To address the safety issue in the industry, in August 2012, the National Health and Family Planning Commission of the PRC issued the《關於進一步加強醫療美容管理工作的通知》(Notice for further strengthening the regulation of the cosmetic surgery industry*) with respect to stepping up regulations over cosmetic surgery organisations, practitioners, various types of cosmetic surgical procedures and advertising as well as establishment of database. The promulgation of hygienic standards to regulate the industry in PRC is expected to result in higher entry barrier and elimination of sub-par operators. Plastic surgery hospitals with adequate management and capital investment could benefit from such industry transformation. With the rise of new affluent class and increasingly sophisticated customers, there are rooms for further development of the domestic plastic surgery industry, particularly towards the high-end market. Considering the aforesaid factors, we are positive of the outlook of cosmetic surgery industry in PRC.

The Group's operation at the Property unaffected through the leaseback

With respect to the Property Disposal, New Media Group and Good Force have mutually agreed in the Property Disposal Agreement the value of the Property to be HK$420 million, which is determined with reference to the valuation (the "Valuation") carried out by Cushman & Wakefield, an independent valuer (the "Valuer"). This implies that the consolidated net asset value of Jade Talent will increase from approximately HK$91.5 million as at 30 June 2014 to HK$127 million, by approximately HK$36 million, being the revaluation surplus of the Property. Accordingly, the indicative consideration amounting to HK$416 million is attributable to (i) consolidated net asset value of Jade Talent after revaluation of the Property amounting to HK$127 million; and (ii) Jade Talent Sales Loan amounting to HK$289 million. The Directors consider that the Remaining Group will realise a gain of approximately HK$134 million from the Property Disposal which is calculated with reference to the difference between HK$420 million and the carrying value of the Property and relevant leasehold improvements of approximately HK$286 million.

It is noted that the Property is originally occupied by the Group as an operation base for its publishing business. A Leaseback Agreement between Winning Treasure and NMG Publishing, a member of the Remaining Group, in relation to the Property has been duly signed on 23 January 2015. The Property Disposal Agreement and Leaseback Agreement are inter-conditional. Winning Treasure will lease the Property to NMG Publishing for a term of 3 years from the completion date of the Property Disposal at a monthly rent of HK$1,225,000, exclusive of government rent and rate, management fee and all other outgoings. It is noted that, pursuant to the terms of the Property Disposal Agreement, completion of the Property Disposal Agreement is conditional upon, among others, the approval of the Property Disposal Agreement and the Leaseback Agreement and the transactions contemplated thereunder by the independent shareholders of Emperor International at a special general meeting of Emperor International in accordance with the Listing Rules, and on the other hand, the Leaseback Agreement will only be entered into prior to the completion of the Property Disposal Agreement. As stated in the Letter from the Board, if the Property Disposal Agreement is not completed, the Leaseback Agreement will be terminated, and accordingly, there does not exist the possibility that completion of the Property Disposal take place with the Leaseback not coming into effect. As such, with the Leaseback Agreement in place, the operation of the Group in the Property will be unaffected after the Property Disposal.

We are of the view that the Property Disposal (together with the Leaseback) is appropriate given that (i) the valuation of the Property is based on its market value as appraised in the Valuation Report which we consider fair and reasonable as analysed in section (3) below; (ii) the property disposal can free up capital for future investment opportunities, in particular the plastic surgery industry in the PRC, without which the Company may not be able to make timely commitment in such opportunities identified to capitalise on the growth potential thereof; and (iii) investing in business opportunities with growth potential could generate return in the long run and create shareholders' value for the Group, thereby mitigating the effect of rental expenses. Moreover, we consider that the risk of early termination or non-renewal of the Leaseback Agreement upon expiry of the 3-year lease term is low since AY Trust, which is a discretionary trust set up by Dr. Albert Yeung who is also a major shareholder of Emperor International, being the ultimate purchaser to the Property Disposal Agreement, is to be retained as a shareholder of New Media Group through the New Media 9.99% Share Disposal as discussed below.

Retaining the AY Trust as shareholder of New Media Group

With respect to the New Media 9.99% Share Disposal, upon completion of the New Media 9.99% Share Disposal, the Company will continue to own a majority stake of 90.01% in New Media Group, which together with its subsidiaries carry on the whole operation of the Group. As stated in the Letter from the Board, the Disposals as a whole shall have no effect on the daily operation of the Group. After the Share Purchase Completion and the completion of the Disposals, the Remaining Group will continue its existing business.

We were given to understand that during the discussion stage of the Share Purchase and the Disposals, the parties to the Share Purchase Agreement had taken into consideration the potential psychological effect on the existing staff of the Group, who will carry out the existing business of the Remaining Group, as a result of the change in controlling shareholder of the Company. To mitigate such potential effects on the existing staff and the consequent impact on the performance of the existing business of the Remaining Group, it had been agreed that AY Trust maintains a less than 10% interests in New Media Group in order to facilitate a smooth transition as well as to ensure minimal effect on the operation of the Group's media and publishing business. Given that the Group shall carry on its existing businesses through New Media Group and its subsidiaries, we are of the view that it is justifiable to retain the AY Trust as a shareholder of New Media Group having taken into account the aforesaid consideration.

After considering that (i) the indicative consideration for the Property Disposal is considered to be HK$416 million is based on the Valuation of the Property as analysed below; (ii) the Property Disposal can free up capital, the majority of which is intended to be utilised for investment by the Group into the cosmetic surgery, beauty treatment and healthcare related businesses in the PRC; (iii) the positive outlook of the plastic surgery industry in the PRC as analysed above; (iv) a Leaseback Agreement which is inter-conditional with the Property Disposal Agreement has been duly signed on 23 January 2015 to ensure that operation of the publishing business of the Group remains unaffected after the Property Disposal; and (v) the New Media 9.99% Share Disposal is to facilitate a smooth transition and to provide stability to the Group's business, we are of the view that the Disposals are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

3. Principal terms of the Disposals Agreements *(together with the Leaseback)*

(a) The Property Disposal Agreement (together with the Leaseback)

The indicative consideration for the Property Disposal of HK$416 million represents the sum of (i) the consolidated net asset value of Jade Talent amounting to HK$127 million (with the value of the Property being HK$420 million), and (ii) the face value of the Jade Talent Sale Loan amounting to HK$289 million. The agreed value of the Property of HK$420 million is determined with reference to the Valuation of the Property which has been carried out by the Valuer.

The valuation report for the Property (the "Valuation Report") is set out in Appendix II to the Circular. For our due diligence purpose, we reviewed and enquired the Valuer's qualification and experience in relation to the performance of the Valuation. From the information provided by the Valuer, we noted that the director in charge of the Valuation possesses over 17 years of relevant property valuation experience. Moreover, the Valuer has plenty of experience in performing valuation for transactions of listed companies as well as the initial public offering cases in Hong Kong. The Valuer confirmed that it is an independent third party to the Company. The Valuer also confirmed that all relevant material information provided by the Company had been incorporated in the Valuation Report and there were no other material relevant information or representations relating to the Property provided or made by the Company to the Valuer not having been included in the Valuation. In addition, we also reviewed the terms of the Valuer's engagement and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Valuation Report.

We also enquired the Valuer regarding the methodology, basis and assumptions adopted in the Valuation, details of which were contained in the Valuation Report. The Valuation has been prepared in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors effective from 1 January 2013. It is noted that the Valuation of the Property represents its market value which is intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

According to the Valuation Report, the Valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests. As the Property is held under long term leasehold interests, it is assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of the leasehold interests. Furthermore, no allowance has been made in the Valuation Report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value. Given that, according to the Valuation Report, as at the valuation date of 25 November 2014 (i) a mortgage which the Property was subject to has been fully repaid; (ii) there was no registered tenancy agreement in relation to the Property; and (iii) there were no encumbrances, restrictions and outgoings of an onerous nature relating to the Property, we consider that the aforesaid assumptions are fair and reasonable.

It is noted that Direct Comparison Approach is adopted as the principal valuation methodology in determining the Valuation. We were given to understand that Direct Comparison Approach involves the analysis of recent market sales and rental evidences of similar properties to compare with the premises under valuation. Each comparable is analysed on the basis of its unit rate, each attribute of the comparable is then compared with the subject and where there is a difference, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. Given that Direct Comparison Approach is one of the most accepted valuation approach for valuing most of real estate according to the Valuer, and that comparables of recent market sales are of similar nature to the Property Disposal under recent market condition, we consider that it is appropriate to adopt Direct Comparison Approach for the Valuation.

We were given to understand that in the course of the Valuation, the Valuer has obtained from the Company information and advice on approved building plans, area schedule, identification of the Property and all other relevant matters, and has conducted inspection on the exterior and interior of the Property. The Valuer also conducted searches at the Land Registry to investigate titles to the property interest. The Valuer has examined all relevant basis and assumptions related to the Valuation and presented all relevant information on the background of the Property, valuation methodologies, source of information, scope of works, major assumptions, comments and its conclusion in the Valuation Report. We have discussed and interviewed with the Valuer to understand the Valuation, including but not limited to the calculations and workings of the Valuation. In this regard, we have reviewed the supporting documents for the Valuation from the Valuer. During the course of our discussions with the Valuer, we have not identified any major factors which cause us to doubt the fairness, reasonableness and completeness of the principal basis and assumptions adopted in the Valuation.

As at 25 November 2014, being the valuation date, the market value of the Property was HK$420 million in accordance with the Valuation Report.

In respect of the Leaseback Agreement in relation to the Property, Winning Treasure will lease the Property to NMG Publishing for a term of 3 years from the date of the Share Purchase Completion at a monthly rent of HK$1,225,000, exclusive of government rent and rate, management fee and all other outgoings. The Property Disposal Agreement and Leaseback Agreement are inter-conditional. The rent is determined with reference to the prevailing market rent of similar properties in the nearby locations. As mentioned in the Valuation Report, the Valuer has made reference to the current market rent of similar type of properties in the vicinity and considered that the monthly rent of HK$1,225,000 is fair and reasonable.

Having considered that (i) the consideration for the Property Disposal (excluding the Jade Talent Sale Loan) shall be based on the consolidated net asset value of Jade Talent as at the completion of the Property Disposal, with the value of the Property being HK$420 million; (ii) the market value of the Property was HK$420 million in accordance with the Valuation Report as at 25 November 2014, being the valuation date; (iii) the methodology, basis and assumptions adopted in the Valuation are fair and reasonable; (iv) the consideration for the assignment of the Jade Talent Sale Loan is on a dollar-for-dollar basis for the face value of such loan; and (v) the Valuer has made reference to the current market rent of similar type of properties in the vicinity and considered that the monthly rent of HK$1,225,000 is fair and reasonable, we are of the view that the consideration for the Property Disposal, and the terms of the Leaseback Agreement, are on normal commercial term and fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

(b) The New Media 9.99% Share Disposal Agreement

The consideration for the New Media 9.99% Share Disposal shall be 9.99% of the consolidated net assets of New Media Group as at the completion of the New Media 9.99% Share Disposal.

With reference to the audited consolidated net asset value of New Media Group as at 30 June 2014 and after repayment of any outstanding loan due to the Company upon completion of Disposals, the consideration for the New Media 9.99% Share Disposal shall be approximately HK$14 million. Based on the historical financial performance of the Group that there was no material fluctuation on the consolidated net asset value of the Group, the Directors consider that the indicative figure of HK$14 million as the consideration for the New Media 9.99% Share Disposal is fair and reasonable and the consideration is expected to be not more than HK$16 million.

In assessing the fairness and reasonableness of the consideration, we have attempted to compare the price-to-earnings ratio (the "P/E Ratio") as calculated with reference to the implied valuation of 100% of the equity of New Media Group as represented by the consideration for the New Media 9.99% Share Disposal to the audited net profit after taxation of New Media Group for the year ended 30 June 2014, with the P/E Ratio of other companies engaged in business similar to New Media Group (which is regarded as one of the commonly used valuation methods to value a company with recurrent income base). Companies are selected based on the following criteria: (i) of companies listed on the Stock Exchange; (ii) generating segment revenue from the provision of publication of printed media (including newspaper and magazine), which is similar to the principal business of the Target Group, of not less than 50% of the total revenue of the latest financial year and of a profit-making position; and (iii) having more than half of the segment revenue derived in the PRC region (including Hong Kong and Macau). We have identified and made references to 6 companies that meet the aforesaid criteria which is exhaustive (the "Selected Companies"). We consider that the Selected Companies are fair and representative samples for comparison as the principal businesses and geographical source of revenue are similar to those of New Media Group. Details of our analyses are set out in the following table:

Table 4: Analysis on Selected Companies

Company name (stock code)	**Principal businesses**	**Market capitalisation** *(Note 1)* **(a)** *Approximate HK$'000*	**Profit after tax for the latest financial year** *(Note 2)* **(b)** *Approximate HK$'000*	**P/E Ratio (c)=(a)/(b)** *times*
Hong Kong Economic Times Holdings Limited (423)	(i) printed media segment; (ii) financial news agency, information and solutions segment; (iii) recruitment advertising and training segment; and (iv) lifestyle portals segment	707,824	28,138	25.16
Media Chinese International Limited (685)	(i) publishing and printing segments; and (ii) travel and travel related services segment	3,121,389	376,241	8.30
Next Media Limited (282)	(i) newspaper publication and printing; (ii) books and magazines publication and printing; and (iii) digital businesses	1,409,984	330,768	4.26
One Media Group Limited (426)	Magazine publishing and digital media business	224,000	28,646	7.82
Oriental Press Group Limited (18)	(i) publication of newspapers; and (ii) other operating segments	2,086,189	90,361	23.09
Sing Tao News Corporation Limited (1105)	(i) publication and distribution of newspaper, magazines and books; (ii) trading of photographic products; and (iii) other operating segments	931,339	105,662	8.81
			Mean	12.91
			Median	8.56
			Max	25.16
			Min	4.26
The New Media 9.99% Share Disposal *(Note 3)*				12.73

Notes:

(1) Based on the closing price as quoted on the Stock Exchange on 23 December 2014, being the date of the New Media 9.99% Share Disposal Agreement, and the number of shares in issue as at 31 December 2014, of the respective Selected Companies.

(2) Based on the latest annual report of the respective Selected Companies.

(3) Calculated based on the valuation of the entire equity of New Media Group as implied by the consideration for the New Media 9.99% Share Disposal of approximately HK$140 million, and the audited profit after taxation and extraordinary items of New Media Group for the year ended 30 June 2014 of approximately HK$11 million.

As shown in the above table, the P/E Ratios of the Selected Companies range from a minimum of 4.26 to a maximum of 25.16 with a mean of 12.91. The P/E Ratio represented by the consideration for the New Media 9.99% Share Disposal of approximately 12.73 is within the range and approximates to the mean of that of the Selected Companies. As such, we are of the view that the consideration for the New Media 9.99% Share Disposal is fair and reasonable.

While New Media Group is an investment holding company of which its subsidiaries carry on the whole operation of the Group, it is noted that the Share price surged from HK$0.475 on 13 November 2014 (being the last trading day prior to the date of the joint announcement published by the Company and Evergrande pursuant to Rule 3.7 of the Takeovers Code with respect to the entering into of the memorandum of understanding relating to, among other things, the Share Purchase as well as the last business day (as defined in the Takeovers Code) prior to the commencement of the offer period), to HK$2.16 as at the Latest Practicable Date. We consider that such dramatic rise in the Share price is mainly due to the market speculation on the Share Purchase, which does not reflect the fundamentals of the Group, including its financial performance and financial position, and does not offer an appropriate reference as to the valuation of the equity of New Media Group. We have, however, compared the P/E Ratio as implied by the consideration for the New Media 9.99% Share Disposal with the P/E Ratios of other companies engaged in business similar to New Media Group, which in our view could reflect the valuation of such business as appraised by the market in the form of earnings multiple with reference to financial performance, and is a more suitable means to assess the fairness and reasonableness of the consideration.

Considering the aforesaid analysis and factors, we are of the view that the consideration for the New Media 9.99% Share Disposal is fair and reasonable.

4. Possible financial effects of the Disposals

(a) The Property Disposal (together with the Leaseback)

Earnings and cash flow

As at 30 June 2014, with the carrying value of the Property will be replaced by HK$420 million upon revaluation, it is expected that a gain on Property Disposal of approximately HK$134 million is arisen from the disposal of the Property which is calculated with reference to the difference between HK$420 million and the carrying value of the Property and relevant leasehold improvements of approximately HK$286 million. Upon completion of the Property Disposal, the Group will no longer hold any interest in the Property. It is expected that there will be an immediate cash inflow of proceeds approximating HK$416 million to the Group, a substantial amount of which is expected to be deployed for capital expenditure of a plastic surgery hospital and development of cosmetic surgery, beauty treatment and healthcare related business in the PRC. Before completion of the Property Disposal, a Leaseback Agreement was also entered between Winning Treasure and NMG Publishing for a period of three years. Upon effective of the Leaseback Agreement, there will be an immediate cash outflow of deposit amounting to HK$3,675,000 which is equivalent to three months' rent. A constant cash outflow of monthly rental payment amounting to HK$1,225,000 will be resulted. Such amount is expected to be recognised as an expense in the book of the Group.

Net Assets

The gain on Property Disposal for the Remaining Group is expected to be approximately HK$134 million after the Property is to be revalued to HK$420 million. Taking into account the revaluation surplus of approximately HK$36 million (based on the carrying value of the Property as at 30 June 2014 of approximately HK$384 million and the Valuation of the Property of HK$420 million), the consolidated net asset value of Jade Talent is expected to increase from approximately HK$91.5 million as at 30 June 2014 to approximately HK$127 million upon revaluation of the Property which will be realised upon completion of the Property Disposal.

Cash resources

According to the Annual Report 2013/14, the Group had bank balances and cash of approximately HK$90.24 million as at 30 June 2014. Upon completion of the Property Disposal, the bank balances and cash of the Remaining Group is expected to increase and improve as a result of the estimated proceeds of approximately HK$416 million from the Property Disposal receivable by the Group.

Current ratio

According to the Annual Report 2013/14, the Group's current assets and current liabilities as at 30 June 2014 were HK$192.15 million and HK$53.60 million respectively. The Group's current ratio (being the ratio of current assets to current liabilities) was therefore approximately 3.58. The Property Disposal will provide additional liquidity and enhance the financial position of the Remaining Group. The current ratio is expected to be improved upon completion of the Property Disposal.

(b) New Media 9.99% Share Disposal

Earnings

Upon completion of the New Media 9.99% Share Disposal, New Media Group will be a non-wholly owned subsidiary of the Company and the results of New Media Group will be consolidated into that of the Group, while 9.99% of the consolidated net profit after taxation of New Media Group will be attributable to minority interests and accordingly, the profit attributable to the Shareholders will be reduced by such amount.

Cash resources

Upon completion of the New Media 9.99% Share Disposal, the bank balances and cash of the Group is expected to increase and improve as a result of the estimated proceeds of approximately HK$14 million from the New Media 9.99% Share Disposal receivable by the Group. The enhancement on the cash resources can be applied to future development of cosmetic surgery, beauty treatment and healthcare related business in the PRC.

RECOMMENDATIONS

Having taken into account, including but not limited to, the following factors:

– the consideration for the Property Disposal is based on the market value of the Property as analysed in the section 3 headed "Principal terms of the Disposals Agreements";

– the Property Disposal can free up capital, the majority of which is intended to be utilised for investment by the Group into the cosmetic surgery, beauty treatment and healthcare related businesses in the PRC;

– the positive outlook of the plastic surgery industry in the PRC as analysed above;

– the Leaseback Agreement which is inter-conditional with the Property Disposal Agreement has been duly signed on 23 January 2015 to ensure that operation of the publishing business of the Group remains unaffected after the Property Disposal;

– the New Media 9.99% Share Disposal by which the Group can facilitate a smooth transition as well as providing the staff of the Group a psychological comfort; and

– the consideration for each of the Property Disposal (together with the Leaseback) and the New Media 9.99% Share Disposal are fair and reasonable as analysed above, we are of the opinion that while the Disposals (together with the Leaseback) are not in the ordinary and usual course of business of the Company, the terms of Disposals Agreements (together with the Leaseback) are normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and that the Disposals (together with the Leaseback) are in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the GM to approve the Disposals (together with the Leaseback).

Yours faithfully,
For and on behalf of
Messis Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the SFC and regarded as a responsible officer of Messis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 30 June 2012, 2013 and 2014 were disclosed in the annual reports of the Company for the years ended 31 December 2011, 2012 and 2013 respectively. These annual reports were published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://www.nmg.com.hk).

- annual report of the Company for the year ended 30 June 2014 dated 18 September 2014 (pages 53 to 118).
- annual report of the Company for the year ended 30 June 2013 dated 24 September 2013 (pages 53 to 116).
- annual report of the Company for the year ended 30 June 2012 dated 26 September 2012 (pages 56 to 118).

2. INDEBTEDNESS

As at the close of business on 31 December 2014, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had no outstanding borrowings.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 December 2014, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

Saved as the profit alert statement made by the Company in its announcement dated 19 January 2015 set out below in respect of the interim results of the Group for the six-month period ended 31 December 2014, the Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2014, being the date to which the latest published audited accounts of the Company were made up to.

"The board of directors of the Company wishes to inform shareholders and potential investors of the Company that based on information currently available, the interim results of the Group for the six-month period ended 31 December 2014 is expected to record a substantial decrease in the profit attributable to the owners of the Group as compared with that for the corresponding period ended 31 December 2013. Such decrease was mainly due to the drop in the advertising income as the demand for print advertising declined during the period."

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Group's internal resources, cash flow from operations, the present facilities available and also the proceeds from the Disposals, the Group will have sufficient working capital to satisfy its present requirements, that is, for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Upon the completion of the Disposals, the Group will continue to focus on the development of media and publishing business in Hong Kong. In addition, the Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing more detailed and sustainable business plan or strategy for the Group and explore other business or investment opportunities for enhancing its future development. Subject to the result of the review, the Company may invest into cosmetic surgery, beauty treatment and healthcare related businesses in the PRC which may include (but not limited to) the setting up of a plastic surgery hospital and should suitable investment or business opportunities arise, the Offeror may consider diversifying the business of the Group which may or may not involve adjustment(s) to the application of the net proceeds from the Disposals (if materialized) as set out in "Reason and use of proceed for the Disposals".

The following is the text of a report on the Statement prepared for sole purpose of inclusion in this circular, received from the auditors of the Company, Deloitte Touche Tohmatsu.

Deloitte.
德勤

29 January 2015

The Board of Directors
New Media Group Holdings Limited
9th Floor, New Media Tower
No. 82 Hung To Road,
Kwun Tong, Hong Kong

Dear Sirs,

Profit Estimate for six months ended 31 December 2014

We refer to the following statement as set out in the announcement of New Media Group Holdings Limited (the "Company") in respect of profit warning made by the board of directors of the Company on 19 January 2015 (the "Profit Warning Statement"):

"The board of directors of the Company (the "Board") wishes to inform shareholders and potential investors of the Company that based on information currently available, the interim results of the Group for the period ended 31 December 2014 is expected to record a substantial decrease in the profit attributable to the owners of the Group as compared with that for the corresponding period ended 31 December 2013. Such decrease was mainly due to the drop in the advertising income as the demand for print advertising declined during the period."

Responsibilities

The Profit Warning Statement has been prepared based on the preliminary assessment by the directors of the Company (the "Profit Estimate") based on the unaudited management accounts of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 December 2014 (the "December 2014 Management Accounts").

The Company's directors are solely responsible for the Profit Estimate. It is our responsibility to form an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

Basis of opinion

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the assumptions made by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors in the December 2014 Management Accounts and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group and used in the preparation of the consolidated financial statements of the Group for the year ended 30 June 2014.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following is the text of a report on the Statement prepared for sole purpose of inclusion in this circular, received from the Financial Adviser, Emperor Capital Limited.

英皇融資有限公司
Emperor Capital Limited

28/F., Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong
Tel: 2835-6688/Fax: 2893-5276

29 January 2015

The Board of Directors
New Media Group Holdings Limited
9th Floor, New Media Tower
No. 82 Hung To Road,
Kwun Tong, Hong Kong

Dear Sirs/Madams,

Terms used in this letter shall have the same meanings as defined in the circular of the Company dated 29 January 2015 in relation to the major and connected transactions and special deals, of which this letter forms part, unless the context requires otherwise. We refer to the profit alert statement made by the Company in its announcement dated 19 January 2015 set out below in respect of the interim results of the Group for the six-month period ended 31 December 2014 (the "Statement"):

"The board of directors of the Company (the "Board") wishes to inform shareholders and potential investors of the Company that based on information currently available, the interim results of the Group for the six-month period ended 31 December 2014 is expected to record a substantial decrease in the profit attributable to the owners of the Group as compared with that for the corresponding period ended 31 December 2013. Such decrease was mainly due to the drop in the advertising income as the demand for print advertising declined during the period."

We have reviewed the Statement and other relevant information and documents which the Directors are solely responsible for and discussed with the Directors and the senior management of the Company the bases upon which the Statement has been made. In addition, we have considered, and relied upon, the report addressed to the Board from Deloitte Touche Tohmatsu regarding the accounting policies and the calculations upon which the Statement has been made.

On the basis of the foregoing, we are of the opinion that the Statement, for which the Directors are solely responsible, has been made with due care and consideration.

Yours faithfully,
Emperor Capital Limited

The following is the text of a letter, summary of values and a valuation certificate, prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent valuer, in connection with its valuation as at 25 November 2014 of the property interests of the New Media Group Holdings Limited.

Cushman & Wakefield Valuation Advisory Services (HK) Limited

9/F St George's Building
2 Ice House Street, Central, Hong Kong
Tel: (852) 2956 3888
Fax:(852) 2956 2323

www.cushmanwakefield.com

CUSHMAN & WAKEFIELD® 高緯環球

29 January 2015

The Directors
New Media Group Holdings Limited
New Media Tower,
No. 82 Hung To Road,
Kwun Tong,
Kowloon, Hong Kong

Dear Sirs,

Preliminary

In accordance with your instructions to value the Property located at No. 82 Hung To Road, Kwun Tong, Kowloon, Hong Kong ("the Property") in which New Media Group Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in Hong Kong. We confirm that we have carried out physical inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 25 November 2014 (the "valuation date").

Basis of Valuation

Our valuations of the property interests represent the "market value" which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The valuation has been prepared in accordance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; The Codes on Takeovers and Mergers and Share Buybacks issued by Securities and Futures Commission (March 2014 Edition) and; The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors effective from 1 January 2013.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

As the Property is held under long term leasehold interests, we have assumed that the owner has free and uninterrupted rights to use the Property for the whole of the unexpired term of the leasehold interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

We have not carried out detailed site measurements to verify the correctness of the site area in respect of the Property but have assumed that the site area shown on the documents and/or registered plans are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Site Inspection

We have inspected the exterior and the interior of the Property on 25 November 2014. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We are unaware of any adverse ground conditions affecting the Property and have not had sight of a ground and soil survey. We have not carried out investigations on site to determine the suitability of the ground conditions and service etc. for any future development (if any). Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Upon our recent inspection, the Property is connected with electricity, fresh and flush water. In addition, central airconditioning, fire services installations such as automatic sprinkler system, CCTV and access control system are also provided within the Property. Please note that no tests have been carried out to any of the building services.

Valuation Methodology

In determining the market value of the Property as at the valuation date, Direct Comparison Approach is adopted as the principal valuation methodology, which is universally considered the most accepted valuation approach for valuing most forms of real estate. This involves the analysis of recent market sales and rental evidences of similar properties to compare with the premises under valuation. Each comparable is analyzed on the basis of its unit rate; each attribute of the comparable is then compared with the subject and where there is a difference, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as location, building quality, access, and so on.

Source of Information

We have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as approved building plans, area schedule, identification of the Property and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Title Investigations

We have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify the existing titles to the property interests and any material encumbrances that might be attached to the Property.

Currency

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollars (HKD). Our valuation is summarised below and the valuation certificate is attached.

Yours faithfully,
for and on behalf of
Cushman & Wakefield Valuation Advisory Services (HK) Limited
Vincent K. C. Cheung
Registered Professional Surveyor (GP)
BSc(Hons) MBA MRICS MHKIS
Executive Director and Head of Valuation & Advisory, Greater China

Note: Mr. Vincent K. C. Cheung holds a Master of Business Administration and he is a Registered Professional Surveyor with over 17 years' experience in real estate industry and assets valuations sector. His experience on valuations covers Hong Kong, Macau, Taiwan, South Korea, Mainland China, Vietnam, Cambodia and other overseas countries. Mr. Cheung is a member of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. Mr. Cheung is one of the valuers on the "list of property valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers" as well as a Registered Business Valuer of the Hong Kong Business Valuation Forum.

SUMMARY OF VALUE

PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN HONG KONG

Property		Market Value in existing state as at 25 November 2014 *HKD*	Interest attributable to the Group	Market Value in existing state as at 25 November 2014 attributable to the Group *HKD*
No. 82 Hung To Road, Kwun Tong, Kowloon, Hong Kong		420,000,000	100%	420,000,000
	Total:	**420,000,000**		**420,000,000**

VALUATION CERTIFICATE

PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 25 November 2014 *HKD*
No. 82 Hung To Road, Kwun Tong, Kowloon, Hong Kong Kwun Tong Inland Lot No. 646 ("KIL 646")	The Property comprises a 10-storey industrial building erected on a site with a registered site area of approximately 10,000 sq.ft. (circa 929.02 sq.m.) as per plan attached to the Government Lease of KIL 646. The Property was completed in 1970. As per our site inspection, 5th Floor, 9th Floor and the southeastern external façade of the Property are currently under renovation, whereas the renovation work of the remaining portion of the Property was completed between 2011 and 2012 per Company's information. According to the registered consent letter dated 26 April 2010 registered vide Memorial No. 10042901810046, 2 spaces for the parking, loading and unloading of goods vehicles, 5 spaces for the parking of motor vehicles and 1 space for the parking of motor vehicles by disabled persons are provided on the Ground Floor. KIL 646 is held under a Government Lease for a term of 99 years commencing on 1 July 1898 and statutorily renewed until 30 June 2047 without premium but at a revised annual Government rent at 3% of the prevailing Ratable Value of the Property.	The Property is currently owner-occupied.	420,000,000 (Four Hundred and Twenty Million)

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 25 November 2014 *HKD*
	As per our scaled-off measurement of the latest approved building plans dated 30 June 2009 and 11 November 2011 for "Alterations and Additions" works, the Property has a total saleable area of approximately 69,817 sq.ft. (6,486.16 sq.m.) or thereabout. The Saleable Area breakdown is listed as below:		

Level	Saleable Area *(sq.ft.)*	Saleable Area *(sq.m.)*
Store Rooms on Ground Floor	399	37.07
1st to 3rd Floor	8,958	832.22
4th Floor	7,082	657.93
5th to 8th Floor	7,084	658.12
9th Floor	7,126	662.02
Total	69,817	6,486.16

Loading capacity and floor-to-floor height of each floor of the Property is summarized as follows:

Level	Loading Capacity *(lbs./sq.ft.)*	Floor-to floor height *(ft.)*
Ground Floor	N/A	15.0
1st to 9th Floor	150	11.5

Notes:

1. The valuation of the Property was prepared by Mr. Vincent K. C. Cheung.

2. The Property was inspected by Mr. Vincent K. C. Cheung, Ms. Michelle S. F. Man and Ms. Christy L. Y. Wong on 25 November 2014. Mr. Vincent K. C. Cheung is a Member of the Royal Institution of Chartered Surveyors (RICS), Member of the Hong Kong Institute of Surveyors (HKIS) as well as Registered Professional Surveyors (General Practice Division), with over 17 years' experience in real estate valuations. Ms. Michelle S. F. Man is a Member of the Royal Institution of Chartered Surveyors (RICS) and Member of the Hong Kong Institute of Surveyors (HKIS), with over 6 years' experience in real estate valuations. Ms. Christy L. Y. Wong has over 1 year experience in real estate valuations with a Bachelor of Science degree in Surveying.

3. Pursuant to our land search record dated 24 November 2014, the current owner of the Property, Winning Treasure Limited is registered vide Memorial No. 11051601200064 dated 28 April 2011.

4. Pursuant to the abovementioned land search record, the Property is subject to a mortgage in favour of Chong Hing Bank Limited with a consideration of All Moneys registered vide Memorial No. 11051601200073 dated 28 April 2011. As advised by the Company, the aforesaid mortgage has been fully repaid and the net proceeds from the Property Disposal will not be used to repay any debts secured by the said mortgage.

5. The Property is subject to a modification letter dated 26 April 2010 registered vide Memorial No. 10042901810037 issued by the Lands Department to acknowledge the existing canopy and external wall projecting outside the site boundary of the subject site onto Hung To Road subject to that no part of the projected external wall shall be erected between the ground level of the subject site and the level of 2.5 metres above the ground level of the subject site. In addition, no part of the projected external wall shall project outside the boundary of the subject site by 200mm onto Hung To Road.

6. The Property is subject to a consent letter dated 26 April 2010 registered vide Memorial No. 10042901810046 issued by the Lands Department to permit the alternation of layout of Ground Floor carpark for the lifetime of the Property.

7. Pursuant to the abovementioned land search record, there is no registered tenancy agreement in relation to the Property. Furthermore, we are advised by the Company that the Property is currently owner-occupied.

8. The Property currently lies within an area zoned "Other Specified Uses (Business)" under Kwun Tong South Outline Zoning Plan No. S/K14S/19 gazetted on 18 July 2014.

   According to the Notes of the OZP, this zone is intended primarily for general business uses. A mix of information technology and telecommunications industries, non-polluting industrial, office and other commercial uses are always permitted in new "business" buildings. Less fire hazardprone office use that would not involve direct provision of customer services or goods to the general public is always permitted in existing industrial or industrial-office buildings.

   No new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum plot ratio of 12 and maximum building heights of 100 metres above Principal Datum (mPD), or the plot ratio and the height of the existing building, whichever is the greater.

9. Pursuant to the Government Lease of KIL 646, the use of the subject site is restricted for industrial and or godown purposes and the height of the building erected or to be erected on the site is restricted to one hundred and seventy feet above Principal Datum.

10. As per our on-site inspection and with reference to the latest approved building plans for "Alterations and Additions" works, the two alteration works are as below.

    a. Portion of parking area on Ground Floor is enclosed and used as a store room so that the original store room area has been enlarged. A cockloft is also erected inside the enlarged store room.

    b. A gift redemption centre is erected near the carpark entrance facing Hung To Road on Ground Floor.

    In our valuation, we have assumed that the configuration and layout of the Property are in compliance with the latest approved building plans including those plans for "Alterations and Additions" works, but we have not taken into account the concerning reinstatement costs.

11. As advised by the Company, the purchaser of the Property under the Property Disposal Agreement (as defined in the announcement of the Company dated 23 December 2014) has no present plan to dispose or change the use of the Property after completion.

12. As per Company's information, there is a draft leaseback agreement (the "Agreement") in relation to the Property. According to the Agreement, the Property will be leased to New Media Group Publishing Limited by Winning Treasure Limited for 3 years immediately after the Share Purchase Completion, at a monthly rent of HKD1,225,000, exclusive of rates, management fees and all other outgoings.

    As advised by the Company, the terms of the Leaseback Agreement are arrived at after arm's length negotiation and are on normal commercial terms. Also, the determination of rent is resulted from arm's length negotiation between the relevant parties with reference to the prevailing market rent of similar properties in the nearby locations.

    With reference to the current market rent of similar type of properties in the vicinity, we consider that the proposed monthly rent of HKD1,225,000 is fair and reasonable for the time being.

13. A general description of the surrounding environment of the Property and market information is summarised as below:

Location:	The Property is located at Hung To Road in Kwun Tong, Kowloon. The area was one of the major industrial areas in Hong Kong and is now undergoing transition to a commercial area. The immediate neighbourhood of the Property is dominated by aged industrial and godown buildings scattered with some contemporary office developments and hotels establishments.
Transportation:	The accessibility of the subject area is well-served by MTR Kwun Tong Line and various franchised bus and mini-bus routes to other parts of Hong Kong. The Kwun Tong MTR Station is in 10 minutes' walking distance from the Property.
Market Yield in the vicinity (En Bloc transactions):	Approximately 2.7%–3.9%
Monthly Market Rental in the vicinity (Strata-title industrial property):	HKD15.4 to HKD19.6 per sq.ft.
Market Price in the vicinity (Strata-title industrial property):	HKD5,700 to HKD7,200 per sq.ft.

14. In respect of the potential tax liability which is required to be disclosed under Rule 11.3 of The Code on Takeovers and Mergers, the profits tax is likely to be charged by the Inland Revenue Department if the Property is disposed in the nature of trade and the current tax rate is 16.5% although the likelihood of such potential tax liability being crystalised from a disposal of the Property is remote.

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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than information relating to the Offer and the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement contained herein misleading.

The information contained in this circular relating to the Offer and the Offeror has been extracted or derived from the Joint Announcement. The Directors accept full responsibility for the correctness and fairness of the reproduction or presentation of such information.

2. DISCLOSURE OF INTERESTS

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 or any of its associated corporations (within the meaning of Part XV of SFO) which are 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 they were taken or deemed to have under such provisions of the SFO), or as recorded in the register of interests required to be maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in the Listing Rules were as follows:

(a) Long positions interest in associated corporations

(i) Ordinary shares

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate percentage holding
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	5,000,000	0.14%

(ii) Share Options

Name of Directors	Name of associated corporations	Capacity/ Nature of interests	Number of underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai	Emperor International	Beneficial owner	10,769,475 *(note)*	0.29%
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	5,769,475 *(note)*	0.16%

Note:

These were share options granted to Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, also being the directors of Emperor International, under the share option scheme of Emperor International

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are 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 they were taken or deemed to have under such provisions of the SFO), or as recorded in the register of interests required to be maintained pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company or the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholder's interest and short position in the Shares

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons or corporations (other than a Director or the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or who was expected, directly or indirectly, to be 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 member of the Group:

Long positions in Shares

Name of shareholders	Capacity/ Nature of interests	Number of Shares held	Approximate percentage holding
Holdco	Beneficial owner	647,950,000	74.99%
AY Holdings	Interest in a controlled corporation	647,950,000	74.99%
STC International Limited	Trustee	647,950,000	74.99%
Dr. Albert Yeung	Founder of a discretionary trust	647,950,000	74.99%
Ms. Luk Siu Man, Semon	Interests of spouse	647,950,000	74.99%

Note:

The entire issued share capital of Holdco was wholly-owned by AY Holdings which was held by STC International Limited as the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to have interest in the above shares held by Holdco. By virtue of being the spouse of Dr. Albert Yeung, Ms. Luk Siu Man, Semon was also deemed to have interests in the same shares. The above parties will cease to have interests in the above Shares (also being New Media Sale Shares) upon Share Purchase Completion.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company, no other person (not being a Director or chief executive of the Company) had any interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange, 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 held any option in respect of such capital.

3. DIRECTORS' INTEREST IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. DIRECTOR'S INTEREST IN COMPETING BUSINESS

The spouse of Ms. Percy Hughes, Shirley, an Executive Director and the Chief Executive Officer of the Company, is a director and controlling shareholder of Hugo Joy Limited ("Hugo Joy") which trades as "Cool Factory" in Hong Kong and is principally engaged in public relationship and event marketing, models and talents bookings and casting. The business of Hugo Joy may constitute competition with the business of the Group.

Save as disclosed above, the Directors believe that none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which causes or may cause significant competition with the business of the Group.

5. DIRECTORS' INTERESTS IN CONTRACT OF SIGNIFICANCE

There was no contract of significance in relation to the Company's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

6. DIRECTORS' AND EXPERTS' INTERESTS IN ASSETS

None of the Directors or Messis Capital or Cushman & Wakefield Valuation Advisory Services (HK) Limited has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2014, being the date to which the latest published audited accounts of the Company were made up.

7. MATERIAL CONTRACTS

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

(a) the Property Disposal Agreement;

(b) the New Media 9.99% Share Disposal Agreement; and

(c) Leaseback Agreement.

8. LITIGATION

Neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

9. EXPERT AND CONSENT

Messis Capital, Cushman & Wakefield Valuation Advisory Services (HK) Limited and Deloitte Touche Tohmatsu have given and have not withdrawn their written consents to the issue of this circular with the inclusion herein of their letters and/or references to their names in the form and context in which they appear.

Name	Qualification
Messis Capital Limited	A licensed corporation under the SFO to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Cushman & Wakefield Valuation Advisory Services (HK) Limited	Professional Surveyor
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the Latest Practicable Date, each of the above experts:

(a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group; or

(b) did not have any interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 30 June 2014), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at 9th Floor, New Media Tower, No. 82 Hung To Road, Kwun Tong, Kowloon, Hong Kong, up to and including the date of the GM:

(a) the articles of association of the Company;

(b) the material contracts referred to in the paragraph headed "7. Material Contracts" in this Appendix;

(c) the written consents referred to in the paragraph headed "9. Expert and Consent" in this Appendix;

(d) the letter from the Independent Board Committee as set out in pages 21 to 22 in this circular;

(e) the letter from Messis Capital as set out in pages 23 to 40 in this circular;

(f) the letter from Deloitte Touche Tohmatsu on the January 2015 profit alert, the text of which is set out in Appendix II;

(g) the letter from financial adviser, Emperor Capital Limited, on the January 2015 profit alert, the text of which is set out in Appendix III;

(h) the valuation of Cushman & Wakefield Valuation Advisory Services (HK) Limited as set out in Appendix IV of this circular;

(i) the Company's annual reports for the year ended 30 June 2013 and for the year ended 30 June 2014; and

(j) this circular.

11. MISCELLANEOUS

(a) The company secretary of the Company is Liu Chui Ying, who is a fellow of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. She has over 10 years of experience in company secretarial field.

(b) The registered office and principal place of business of the Company is 9th Floor, New Media Tower, No. 82 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

(c) The Company's share registrar is Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text thereof.

新傳媒集團控股有限公司

NEW MEDIA GROUP HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 708)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of New Media Group Holdings Limited (the "Company") will be held at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on 13 February 2015 (Friday) at 10:30 a.m., for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

(1) "**THAT**:

the Property Disposal Agreement dated 23 December 2014 between (1) New Media Group Limited as vendor and (2) Good Force Investments Limited as purchaser, for the sale and purchase of the entire equity interest of, and the benefits of shareholder's loans advanced by shareholder of New Media Group Limited to Jade Talent Holdings Limited (a copy of which was tabled at the meeting marked "A" and signed by the Chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved ratified and confirmed and any one or more the directors of the Company be and is/are hereby authorized to do all such acts and things which he/she/they may consider necessary, desirable or expedient to implement the transactions contemplated thereunder (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the directors of the Company);

(2) **THAT**:

the Leaseback Agreement dated 23 January 2015 between (1) Winning Treasure Limited as landlord and (2) New Media Group Publishing Limited as tenant, in relation to the lease of the Property owned by Winning Treasure Limited for 3 years since the completion of the Property Disposal Agreement and the Share Purchase Completion (as defined in the circular of the Company dated 29 January 2015) at monthly rental of HK$1,225,000 (a copy of which was tabled at the meeting marked "B" and signed by the Chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed and any one or more of the directors of the Company be and is/are hereby authorized to do all such acts and things which he/she/they may consider necessary, desirable or expedient to implement the transactions contemplated thereunder (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the directors of the Company); and

(3) THAT:

the New Media 9.99% Share Disposal Agreement dated 23 December 2014 between (1) Right Bliss Limited as vendor and (2) Rawlings Limited as purchaser for the sale and purchase of 9.99% of the issued shares of New Media Group Limited at a total consideration of HK$14 million in cash (a copy of which is tabled at the meeting marked "C" and signed by the Chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed and any one or more of the directors of the Company be and is/are hereby authorized to do all such acts and things which he/she/they may consider necessary, desirable or expedient to implement the transactions contemplated thereunder (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the directors of the Company)."

By Order of the Board
New Media Group Holdings Limited
Liu Chui Ying
Company Secretary

Hong Kong, 29 January 2015

Registered and Principal Office:
9th Floor
New Media Tower
No. 82 Hung To Road
Kwun Tong, Kowloon
Hong Kong

Notes:

(i) A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one, or if he/she is a holder of more than one share, or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

(ii) In order to be valid, the form of proxy must be in writing under the hand of the appointor or his/her attorney duly authorized in writing, or if the appointor is a corporation, either under its common seal, or under the hand of an officer or attorney duly authorized on that behalf, and must be deposited at the Company's Share Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time for holding the meeting or adjourned meeting.

(iii) Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding of such share.

(iv) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting.

(v) Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this notice will be decided by poll at the above meeting. Where the Chairman in good faith, decides to allow resolutions which relates purely to a procedural or administrative matter to be voted, such resolutions will be decided by a show of hands.

(vi) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:30 a.m. and before the above meeting time, the meeting will be postponed. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (http://www.nmg.com.hk) to notify shareholders of the date, time and place of the rescheduled meeting.