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## **NEXTmedia**

### **NEXT MEDIA LIMITED**

(Incorporated in Hong Kong with limited liability)

#### **DISCLOSEABLE TRANSACTION**

Reference is made to the announcement of the Company dated 24 February 2000 relating to a possible investment in a commercial website.

##### **Subscription Agreement**

NextV, a wholly owned subsidiary of the Company, has entered into the Subscription Agreement on 8 March 2000 with Igloo, whereby NextV has agreed to subscribe for 2,990 new Igloo Shares, representing 40% of the enlarged issued capital of Igloo, with the consideration being a package of advertising, content, and cash valued at US\$4 million (approximately HK\$31 million). The principal asset of Igloo is its 100% beneficial interest in GoHome. GoHome is principally engaged in the operation of a Hong Kong-focused property-related website. GoHome's website at [www.gohome.com.hk](http://www.gohome.com.hk) provides online property classified advertisements.

##### **Shareholders Agreement**

On the same date, the Company and NextV have concurrently entered into the Shareholders Agreement with the existing shareholders of Igloo to define their respective rights and obligations in connection with their interests in Igloo.

The Subscription constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, inter alia, further information regarding the Subscription and the Shareholders Agreement will be despatched to the Shareholders as soon as practicable.

#### **THE SUBSCRIPTION AGREEMENT DATED 8 MARCH 2000**

##### **Parties**

Issuer : Igloo, a company currently beneficially owned by the three founders of GoHome and their associates and other independent private investors, all of whom are independent of and not connected with the Company, the directors, chief executive, or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

Subscriber : NextV

### **Assets to be acquired**

2,990 new Igloo Shares, representing 40% of the enlarged capital of Igloo upon Completion. The remaining 60% of the enlarged issued share capital of Igloo will be held as to approximately 33.8% by the three founders; approximately 18.6% by their associates and approximately 7.6% by other independent private investors.

### **Consideration**

A package of printed advertising, online advertising and content, and cash worth US\$4 million (approximately HK\$31 million). The value breakdown of the package will be US\$2.1 million (approximately HK\$16 million) worth of printed advertising, US\$1.8 million (approximately HK\$14 million) in online advertising and content, and US\$100,000 (approximately HK\$775,000) in cash. The printed advertising will include (i) advertising space in, among others, Apple Daily and Next Media's Magazines; and (ii) weekly one-sheet supplement in Apply Daily for a period of one year. The online advertising and content will include rights to use the Group's property-related articles, photos, data, and graphics, as well as online banner ads and "button" hyper links in the Group's websites. There is no time limit for the placement of printed or online advertising spaces save for the one-year duration referred to in item (ii) above.

The consideration was arrived at after arm's length negotiations and with reference to GoHome's own valuation and valuations of comparable private companies engaged in similar industries. The Directors consider the basis of the consideration to be fair and reasonable. The Subscription Agreement is unconditional and the cash consideration was paid upon the entering into of the Subscription Agreement. The cash consideration paid under the Subscription was financed from the Company's internal resources.

### **POTENTIAL CONNECTED TRANSACTIONS**

As a majority of the consideration payable under the Subscription Agreement will be in a form of advertisements on internet websites and printed publications and the provision of content, the Group intends to place printed advertisements in Apple Daily and Next Media's Magazines on normal (or better) commercial terms. As Apple Daily and Next Media's Magazines are currently controlled by Mr Lai, the controlling shareholder of the Company, these types of transactions between the Group and Apple Daily and Next Media's Magazines would constitute connected transactions for the Company. The Company considers that the consideration for these types of connected transactions would fall under the advertising cap of HK\$25 million as stated in the advertising waiver granted by the Stock Exchange to the Company in September 1999. The Directors will closely monitor the aggregate value of all the connected transactions with regard to advertising fee such that it will fall within the HK\$25 million cap.

### **SHAREHOLDERS AGREEMENT DATED 8 MARCH 2000**

Parties : the Company, NextV and the existing shareholders of Igloo

### **Principal terms**

#### *Restrictions on transfer*

Prior to the earlier of an initial public offering by Igloo or its liquidation, none of its shareholders (including NextV) may sell, transfer their shareholding in Igloo without prior approval from Igloo's board of directors.

#### *Mandatory purchase by NextV*

Upon the introduction and occurrence of a subsequent round of investment by professional investors into Igloo for new Igloo's shares, NextV will purchase an additional interest of up to 12.08% (before dilution by subsequent round of investment) in Igloo from the existing shareholders of Igloo (other than the three founders) based on the same valuation of GoHome as implied by the Subscription. The actual percentage of interest to be purchased by NextV under the mandatory purchase is dependent upon the size of funds to be raised from the subsequent round of investment such that the aggregate interest of NextV in Igloo thereafter will not exceed 50% of the enlarged issued share capital of Igloo. If the subsequent round of investment in Igloo cannot be completed within 120 days following Completion, NextV will then purchase 9.9% of the issued share capital of Igloo. It is the intention of NextV to treat Igloo as an associated company.

#### *Exchange of shares*

The Shareholders Agreement contemplates that the Company may incorporate a company which will hold the Group's online assets and which may be spun off on an internationally recognized stock exchange. Upon such spin-off, each shareholder of Igloo other than NextV shall transfer their shareholding in Igloo for shares in the spin-off company on terms to be determined by the then prevailing market conditions. If such spin-off does not occur by June 30, 2001, each shareholder of Igloo other than NextV shall transfer their shareholding in Igloo for new Shares on terms to be determined by then prevailing market conditions.

Further announcement will be made by the Company, if required, in compliance with the Listing Rules upon occurrence of any of the above events.

### **INFORMATION ON IGLOO AND GOHOME**

Igloo is an investment holding company incorporated in the British Virgin Islands on 28 August 1998. Igloo's sole material asset is 100% beneficial interest in GoHome. The existing shareholders of Igloo are founders of GoHome, their associates and other independent private investors, all of whom are independent of the Company, the directors, chief executive, the substantial shareholder of the Company or any of its subsidiaries or any of their respective associates. Prior to their set up of GoHome, the three founders of GoHome were engaged in direct investment, management consultancy and computer programming activities. The principal responsibilities of the three founders in GoHome are strategic planning, business development, technical

support and general management. There is no specific distinction between the responsibilities of each of the three founders. Igloo is solely an investment holding company and no activity was conducted. Upon Completion, each of the three founders of GoHome will enter into a service contract with GoHome with no fixed term of service.

The principal business of GoHome is the operation of a Hong Kong-focused property-related website. GoHome lists, on its website at [www.gohome.com.hk](http://www.gohome.com.hk), advertisements from property owners and agents who want to let or sell Hong Kong residential properties. The public can view these advertisements on GoHome's website, as well as information related to the property for sale or rent. In addition to listing advertisements, GoHome also profiles new developments and produces and presents original property-related information that will be of interest to homeseekers. GoHome's major source of income is expected to derive from customers' placements of classified advertisements. As GoHome commenced operation in August 1999, it is in an infant stage of development and no audited financial information is available for GoHome nor Igloo. GoHome currently employs 24 staff.

Upon Completion, the board of directors of Igloo will comprise of three executive directors who are the three founders of GoHome and NextV will nominate two non-executive directors to Igloo's board of directors who will principally be involved in advising GoHome on internet, media general business strategies and financial matters from time to time.

## **REASONS FOR THE SUBSCRIPTION**

The Group is principally engaged in printing, publication and operation of websites and other internet-related services. The Board considers that as GoHome operates a Hong Kong-focused property-related website which provides online property classified advertisements, it would be in the interests of the Group to effect the Subscription so that the width and depth of the Group's existing group of websites can be further extended and enriched. The Directors consider that this would have a positive impact on the overall rate of page viewers to the Group's websites. The Directors further consider that as one of the principal business of the Group is engaging in the operation of websites, the Subscription falls within the Group's principal line of businesses.

## **GENERAL**

The Subscription constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, inter alia, further information regarding the Subscription will be despatched to Shareholders as soon as practicable.

## **DEFINITIONS**

"Apple Daily" a daily newspaper wholly owned by Apple Daily Limited, a company controlled by Mr. Lai "associate(s)" the meanings ascribed to it by the Listing Rules

"Company" Next Media Limited, whose shares are listed on the Stock

Exchange

"Completion" completion of the Subscription Agreement

"Directors" directors of the Company

"Igloo" Igloo Finance Limited, a company incorporated in the British Virgin Islands which owns 100% of the issued capital of GoHome

"Igloo Shares" shares of US\$1 each in the capital of Igloo

"GoHome" GoHome H.K. Co., Ltd, a company incorporated in Hong Kong

"Group" the Company and its subsidiaries

"Hong Kong" The Hong Kong Special Administrative Region of the People's Republic of China

"Listing Rules" The Rules Governing the Listing of Securities on the Stock Exchange

"Mr Lai" Mr Lai Chee Ying, Jimmy, a Director and the beneficial controlling Shareholder

"NextV" Next Ventures Limited, a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of the Company

"Next Media's Magazines" the "Next" magazine, "Sudden Weekly" magazine and "Eat and Travel Weekly" magazine

"Shares" shares of HK\$0.20 each in the capital of the Company

"Shareholder(s)" holder(s) of the Share(s)

"Shareholders Agreement" the amended and restated shareholders' agreement dated 8 March 2000 between all the shareholders of Igloo (including NextV)

"Stock Exchange" The Stock Exchange of Hong Kong Limited

"Subscription" the subscription of 2,990 new Igloo Shares under the Subscription Agreement for a total consideration of US\$4 million (approximately HK\$31 million)

"Subscription Agreement" the subscription agreement dated 8 March 2000 entered into between Igloo and NextV in respect of the Subscription

"HK\$" Hong Kong dollars

"US\$" United States dollars

Exchange rate used in this announcement is US\$1 = HK\$7.75

By Order of the Board  
Next Media Limited  
Janis Lee Yuen Mei  
Company Secretary

Hong Kong, 8 March 2000

Please also refer to the published version of this announcement in the South China Morning Post on 09-03-2000.