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**NEXTmedia**  
**NEXT MEDIA LIMITED**

(Incorporated in Hong Kong with limited liability)

**ANNOUNCEMENT**

**Exclusivity Agreement**

The Board is pleased to announce that on 22nd March, 2000, the Company and ADL entered into the Exclusivity Agreement in relation to a proposed acquisition from ADL of the entire share capital of Apple Daily Online, the principal business of which is the operation of the Site.

Mr. Lai, a director and the controlling shareholder of the Company, is a director and the controlling shareholder of ADL.

The Exclusivity Agreement constitutes a connected transaction but is not (because of Rule 14.24(5) of the Listing Rules) subject to any disclosure or shareholders' approval requirement as a connected transaction. The Board is of the view that the Exclusivity Agreement is disclosable as a matter which is or may be of a price sensitive nature under the Company's general obligation imposed by paragraph 2 of the Listing Agreement.

**Shareholder's Loan Agreement**

On the same date as the Exclusivity Agreement, the Company and Mr. Lai entered into the Shareholder's Loan Agreement whereby Mr. Lai has agreed to grant to the Company the Loan in the principal amount of HK\$200 million.

Since the terms of the Shareholder's Loan Agreement are normal commercial terms, the Shareholder's Loan Agreement is not (because of Rule 14.24(8) of the Listing Rules) subject to any disclosure or shareholders' approval requirement as a connected transaction.

**EXCLUSIVITY AGREEMENT**

**Date**

22nd March, 2000

**Parties**

Next Media Limited (the "Company") and Apple Daily Limited ("ADL")

**Exclusivity Period**

6 months from the date of the Exclusivity Agreement

**Exclusivity**

During the Exclusivity Period:

- (A) the Company has the exclusive right to acquire from ADL the entire share capital of Apple Daily Online Limited ("Apple Daily Online") together with the exclusive right to publish Apple Daily on the internet and otherwise electronically and the licence to use all associated intellectual property rights on the internet and otherwise electronically and all associated domain names; and
- (B) ADL shall not enter into discussions with any other person regarding the assets described in paragraph (A) above and shall not make any material change in its business.

**Consideration**

The consideration payable by the Company under the Exclusivity Agreement is HK\$1. The consideration for the assets referred to in paragraph (A) above will be negotiated when the Company decides to acquire them and such acquisition may be subject to approval by the independent shareholders of the Company when appropriate.

**Connection between the parties**

Mr. Lai Chee Ying, Jimmy ("Mr. Lai"), a director and the controlling shareholder of the Company, is a director and the controlling shareholder of ADL.

**Requirements under the Listing Rules**

The Exclusivity Agreement constitutes a connected transaction but is not (because the consideration payable by the Company under the Exclusivity Agreement is within the de minimis exception under Rule 14.24(5) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) subject to any disclosure or shareholders' approval requirement as a connected transaction.

The board of directors of the Company including its independent non-executive directors (the "Board") is of the view that the Exclusivity Agreement is disclosable as a matter which is or may be of a price sensitive nature under the Company's general obligation imposed by paragraph 2 of the Listing Agreement.

Further announcement will be made by the Company when it decides to acquire the assets referred to in paragraph (A) above and the acquisition will be in compliance with the Listing Rules.

**INFORMATION ON THE SITE**

The principal business of Apple Daily Online is the operation of the website [www.appledaily.com.hk](http://www.appledaily.com.hk) (the "Site") which provides on-line access to the content of Apple Daily. The number of average daily page views of the Site in January 2000 amounts to approximately 5 million. At present, hyperlinks exist between the Site and the websites currently owned and operated by the Company and its subsidiaries (the "Group"). Apple Daily Online derives income from the placing of advertisements on

the Site.

## **REASONS FOR ENTERING INTO THE EXCLUSIVITY AGREEMENT**

The Group is principally engaged in the printing and publication of magazines, the operation of websites and the provision of other internet-related services. In view of the rapid changes to the technological and internet related environment since Mr. Lai gained effective control of the Company in October 1999, the Board considers that the intention statement as stated in the Company's prospectus dated 30 September 1999 extracted as follows:

"Next does not intend to inject further assets into Paramount, because any such further injection of Next's assets is not considered by Next to be of strategic portance to the enlarged Paramount's long term plan." is no longer appropriate and is not in the best interests of the Company and its shareholders under the current circumstances.

The Board considers that with the enriched content of the Site and its average daily page views (in January 2000) of approximately 5 million, the Site can complement the Group's existing websites and can give rise to business synergies. The Board considers that the potential acquisition of the Site will also have a positive impact on the overall rate of page views of the Group's existing websites.

The Board considers that it is in the interests of the Group to enter into the Exclusivity Agreement so that the Company can secure an exclusive right to purchase Apple Daily Online together with the Site and associated intellectual property rights during the Exclusivity Period while it undertakes due diligence and negotiates financing arrangements.

## **SHAREHOLDER'S LOAN AGREEMENT**

### **Date**

22nd March, 2000

### **Parties**

Borrower	: the Company
Lender	: Mr. Lai
Loan	: In the principal amount of HK\$200 million, unsecured and payable on demand
Interest	: Interest accrues on a daily basis at the rate equal to 100 basis points below the best lending rate quoted by The Hongkong & Shanghai Banking Corporation Limited for Hong Kong dollars from time to time. The Board considers the terms of the Shareholder's Loan Agreement are on normal commercial terms.

### **Use of the Loan**

The Company intends to use the Loan for the Group's corporate funding purposes. The Board considers that it will be in the interests of the Group to have additional funds to develop and expand its internet related businesses in pace with the technological changes in the internet and publishing industries. The Company may develop and expand its internet related businesses in various ways which include its

acquisition of or taking strategic stakes in internet businesses. Apart from the potential acquisition contemplated by the Exclusivity Agreement, the Company is not engaged in any discussion or negotiation for any other acquisition.

**Requirements under the Listing Rules**

Since the terms of the Shareholders' Loan Agreement are normal commercial terms and the Loan is not secured by any security given by the Group, the Shareholders' Loan Agreement is not (because of Rule 14.24(8) of the Listing Rules) subject to any disclosure or shareholders' approval requirement as a connected transaction.

By order of the Board  
NEXT MEDIA LIMITED  
Janis Lee Yuen Mei  
Company Secretary

Hong Kong, 22nd March 2000

Please also refer to the published version of this announcement in the South China Morning Post on 23-03-2000.