

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

ANNOUNCEMENT OF AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31ST MARCH, 2000

RESULTS

The Directors of Next Media Limited (the “Company” or “Next Media”) hereby announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2000 together with the comparative figures for the previous year as follows:

	<i>Notes</i>	2000 HK\$	1999 HK\$
Turnover		217,171,225	239,703,306
Production costs		(133,567,021)	(163,458,876)
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Gross Profit		83,604,204	76,244,430
Other revenues		596,643	256,679
Personnel costs		(54,201,732)	(41,352,935)
Depreciation		(22,980,937)	(21,933,438)
Other administrative expenses		(52,988,433)	(59,262,356)
Other income	<i>1</i>	33,379,851	1,537,946
Other expenses	<i>2</i>	(29,447,962)	(105,495,435)
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Operating loss		(42,038,366)	(150,005,109)
Interest expenses		(34,522,842)	(45,047,520)
Share of results of associated companies		(113,133)	(154,856)
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Loss before taxation		(76,674,341)	(195,207,485)
Taxation	<i>3</i>	(1,836,200)	(1,533,482)
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Loss after taxation		(78,510,541)	(196,740,967)
Minority interests		40,217	80,980
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Loss for the year	<i>4</i>	(78,470,324)	(196,659,987)
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Basic loss per share	<i>5</i>	(6.0 cents)	(83.8 cents)
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Notes:

1. Other income

Included in other income is a waiver of interests totalling HK\$21.4 million by Next Media International Holdings Limited (“Next International”). On 20th October, 1999,

- (a) Seapower Resources International Limited ("SRI") disposed of its holding of the Company's convertible notes (with nominal value of HK\$105 million) plus the interest accrued thereon from 26th June, 1999 to 19th October, 1999 amounting to HK\$2.8 million to Next International at a cash consideration of HK\$12 million;
- (b) Seapower International Holdings Limited, SRI and Seapower Consortium Company Limited together assigned to Next International interest receivable from the Company on certain loans and the interest accrued on the convertible notes prior to 26th June, 1999 (amounting to an aggregate of HK\$26.64 million) for a cash consideration of approximately HK\$7.99 million; and
- (c) Next International granted a waiver to the Company in respect of a portion of the above interests amounting to HK\$21.4 million which has been recorded as other income in the consolidated profit and loss account of the Group.

2. Other expenses

	2000	1999
	HK\$	HK\$
Loss on disposal of fixed assets	29,447,962	7,781,799
Provision for impairment of plant and machinery	-	57,494,811
Deficit on revaluation of land and buildings	-	25,218,825
Amount paid for acquisition of property written off	-	15,000,000
	<u>29,447,962</u>	<u>105,495,435</u>

3. Taxation

Hong Kong profits tax has been provided in the profit and loss account at the rate of 16% (1999: 16%) on the estimated assessable profit of certain subsidiaries for the year.

The amount of taxation charged to the consolidated profit and loss account represents:

	2000	1999
	HK\$	HK\$
Hong Kong profits tax	2,546,157	-
(Over)/under provision in prior years	(49,468)	1,466,792
Deferred taxation	(667,423)	66,690
	<u>1,829,266</u>	<u>1,533,482</u>
Share of taxation attributable to associated companies	6,934	-
	<u>1,836,200</u>	<u>1,533,482</u>

4. Loss for the year

Loss for the year is dealt with in the accounts of the Company to the extent of a loss of HK\$118,019,434 (1999: HK\$334,101,921).

5. Loss per share

The calculation of the basic loss per share is based on the loss for the year of HK\$78,470,324 (1999: HK\$196,659,987) and the weighted average number of 1,318,353,440 shares (1999: 234,686,728 shares) in issue during the year.

No diluted loss per share has been presented as the exercise of the conversion rights attached to the convertible notes and the exercise of the share options would be anti-dilutive.

DIVIDEND

The Directors do not recommend the payment of a dividend in respect of the year ended 31st March, 2000 (1999: Nil)

FINANCIAL RESULTS SUMMARY

For the financial year under review, the total turnover of Next Media was HK\$217,171,225 with HK\$148,552,063 from the commercial printing division, HK\$67,421,563 from publishing and HK\$1,197,599 from the newly developed web business. The turnover surged in the second half of this financial year resulting in a slight decrease of only 9 per cent. for the year ended 31st March, 2000. The audited consolidated loss of the Group amounted to HK\$78,470,324 for the year ended 31st March, 2000 compared with a loss of HK\$196,659,987 in the last financial year.

The results of the Group for the year ended 31st March, 2000 have substantially improved due to several factors. The publishing business, through Easy Finder, contributed profits of HK\$17 million for the period from October 1999 to March 2000. Also, losses from the printing business decreased from HK\$165 million to HK\$70 million, primarily due to the substantial provision for impairment of plant and machinery, and deficit on revaluation of land and buildings that was made in 1999. Moreover, as part of the acquisition of the magazine-publishing and web businesses from Next International in October 1999 (the "Acquisition"), SRI sold its holding of HK\$105 million convertible notes and together with others assigned the corresponding interest receivable to Next International. Next International has waived 70 per cent. of the accrued interest. Accordingly, the Group recognized a write back of HK\$21.4 million for the current year. The new Internet business of the Group recognized a loss of HK\$25 million for the five months ended 31st March, 2000.

Review of Operation

Rock-Solid Old Economy & Great Promise of New Economy

Commercial Printing

In the year ended 31st March, 2000, our printing business experienced a slight decrease in turnover as a result of the downturn of the economy, coupled with a loss of printing contracts to foreign competition in the early part of the financial year. This unfavorable condition was completely reversed in the latter part of the financial year resulting from printing contracts awarded by Next International from October 1999 to March 2000. These contracts increased printing turnover significantly where the commercial web-printing

machines were substantially under-utilized in the past.

Publishing

The Group experienced 218 per cent. growth in turnover in the publishing division with the acquisition of Easy Finder from Next International in October 1999. During the year, the Group disposed of both Capital Magazine and Car Plus Magazine in order to move resources to areas with greater business potential.

Easy Finder had a weekly circulation of 125,000 copies, as audited by the Hong Kong Audit Bureau of Circulations Limited, and a readership of over 400,000 as at December 1999. Easy Finder pioneered the publication of such items as a filofax with useful information and tips, and a user-friendly map called “King of Map” which incorporated data on restaurants, parking, attractions and included a location guide to primary and secondary schools. Easy Finder expanded the map to offer special editions to advertisers for below-the-line promotions, which were well received by both the advertisers and readers. Easy Finder also operates a second-hand store in Mongkok selling and buying used goods.

With the continuous improvement and enrichment of content to keep abreast of the ever-changing youth market, Easy Finder is now playing a leading role in the info-tainment magazine market.

Internet Content Provision and Advertising

In October 1999, the Group acquired certain domain names and web sites, including “nextmedia.com”, “easyfinder.com.hk” and “sw.com.hk” that led the Group into the Internet, which is one of the fastest growing businesses in the world. Since October 1999, our web sites have been further enriched and focus mainly on News & Magazines, Info-tainment & Lifestyle, e-Commerce and Community Sites. The total average daily pageviews of these web sites increased significantly from approximately 700,000 in August 1999 to 1,700,000 in April 2000.

Nature:	Content:	Domain Name:
News & Magazines:		
Next Magazine	A weekly magazine focusing on news, lifestyle and entertainment	www.next.com.hk/mag
Easy Finder	A weekly magazine for youth that carries classified advertisements	www.easyfinder.com.hk
Sudden Weekly	A weekly magazine mainly covering news on both entertainers and celebrities	www.sw.com.hk
Eat & Travel Weekly	A weekly magazine on dining and traveling	www.etw.com.hk

Info-tainment & Lifestyle:

Nexttraveler	One-stop destination guide of 50 sites for travelers plus seasonal thematic tour package features	www.nexttraveler.com
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Nexteat	A restaurant guide with an 1,800-restaurant database and 300 recipes. New features are added regularly	www.nexteat.com
Next photo	Contains a collection of more than 25,000 celebrities' photos with detailed profiles	www.nextphoto.com
Next mobile	Contains the latest news and prices on various mobile phones with occasional auctions held	www.next-mobile.com
Next TV & movie guide	A comprehensive search engine on all the latest TV programs from various stations and cable TV as well as the latest movies showing in HK	www.nexttvguide.com www.nextmedia.com/movie
Next parenting	A comprehensive database on nursery schools, kindergartens, primary schools and international schools as well as the latest education news	www.nextparenting.com
Next-fortune	Contains daily, personalized fortune-telling content as well as major western and Chinese fortune-telling programs	www.next-fortune.com

e-Commerce:

eChinaTown	A B2B and B2C site selling Chinese-culture products like antique furniture and containing information on Chinese tea, porcelain and paintings	www.e-china-town.com
Nextmotor	The largest second-hand car classified section in Hong Kong with 1,800 listings. There is also a comprehensive database of new cars with detailed profiles	www.nextmotor.com

Community Sites:

Nextcard	Contains a collection of 3,000 virtual greeting cards for different occasions such as birthdays, anniversaries and parties	www.nextcard.com
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Nextforum

Conducts polls on the hottest
topics in town

www.nextmedia.com/nextforum

The web business brought in approximately HK\$1.2 million in turnover for the year ended 31st March, 2000. The major expenses were salary, other staff-related costs and depreciation. Substantial further investments have been made in human and capital resources to enrich the content of web sites, creating a user-friendly platform to develop and expand the e-Commerce business.

Acquisition of gohome.com.hk

On 8th March, 2000, the Group acquired a 40 per cent. interest in Igloo Finance Limited (“Igloo”). The principal asset of Igloo was its 100 per cent. beneficial interest in www.gohome.com.hk (the “GoHome web site”), which was a Hong Kong-focused property-related portal. The GoHome web site provides online property classified advertisements, a transaction database, a forum and property commentary. We believe that it will bring considerable value to the Group.

Future Development

Capturing the Best from Both the Old and the New Economy

We aim to become a major market player. Our goal is to combine parts of the old economy, the printing and magazine publishing businesses, with the new electronic economy. To this end, we intend to build on our solid experience and strength in the old economy and our creativity and foresight in the new economy.

Commercial Printing and Publishing

The printing division is negotiating with potential customers in Europe and North America to boost our business volume in the sheet-fed section. The Group will concentrate on the high-yield and top-end printing market where quality and timely delivery are the primary concerns for customers. We believe this is where our competitive edge lies for the overseas market. The recovery of the Hong Kong economy will no doubt increase the demand for printed matter. The Group also expects the recovery will have a positive impact on our publishing business both for circulation income and advertising income.

Internet Development

We believe that the Internet will revolutionize the economic structure of the world in the next few years. However, companies that wish to take advantage of this ever-advancing technology but lack support and solid foundations will not succeed. Next Media, as one of the dominant media players in Hong Kong, has the online publishing rights of influential and popular publications including Next Magazine, Easy Finder, Sudden Weekly and Eat & Travel Weekly. With the support of such popular publications, we can devote much of our resources towards the research and development of other online business opportunities. We are ready to embrace any future technological advances, such as the Wireless Application Protocol and associated mobile technologies.

In June 2000, the Company entered into an agreement with Apple Daily Limited, a related company owned by Mr. Jimmy Lai, to acquire the entire share capital of Apple Daily Online Limited (“Apple Daily Online”). This transaction marks a very substantial acquisition and connected party transaction of the Company, which is subject to the approval of the Company’s independent shareholders. Apple Daily Online operates a number of web sites including appledaily.com.hk, the online version of Apple Daily, one of the most popular newspapers in Hong Kong, with a total average daily pageview of approximately 4.9 million in April 2000. If the transaction is approved and completed, the web site content of the Group will be further

strengthened.

e-Commerce Development * Click-and-Mortar Era

With improvements in Internet and mobile technology, Next Media firmly believes that it will attract a loyal e-Commerce community based on our already broad and rich Chinese-language content and our widely recognized web sites. We will use our traditional “brick-and-mortar” business to further develop our new “click-and-mortar” trade with an aim to benefit the Group and the public as a whole. We will continue to pioneer new ideas and utilize technologies, resulting in breakthrough B2C services.

Though some doubts prevail as to the efficacy of B2C commerce in Hong Kong, we remain optimistic about the future of e-Business. We believe that with no geographical limitations and a free flow of information, technologically advanced Hong Kong is the natural breeding ground for B2C development.

Working in collaboration with The Hongkong and Shanghai Banking Corporation Limited and eCyberPay, we have developed a sophisticated online payment system. All of our pioneering B2C business models are already in their final testing stages and will be launched shortly.

Full Online Service Provider

Apart from working on B2C developments, we plan to offer a full set of online services. We will provide web-enabling services, supplying comprehensive and professional web design, hosting, data warehousing, logistical planning and payment gateway services to all our customers. These services will minimize setup and administration costs for start-ups. Our online services will also include an incubating consultancy and bilingual content.

Our newly established company, Next Ventures Limited, will seek to invest in potential IT- and Internet-related companies. It will also provide management expertise, marketing advice and planning skills - services not usually offered by incubating companies. The GoHome web site, our maiden investment completed in March 2000, is one of the largest local property portals, listing more than 25,000 properties and containing classified advertisements.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 3rd August, 2000 to 7th August, 2000, both days inclusive, during which period no share transfers will be registered.

In order to be eligible to attend and vote at the 2000 Annual General Meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Central Registration Hong Kong Limited, not later than 4:00 p.m. on 2nd August, 2000.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2000 with the “Code of Best Practice” as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board
Chow On Kiu, Andrew

Director

Hong Kong, 6th July, 2000

Please also refer to the published version of this announcement in the South China Morning Post on 07-07-2000.