

Next Media Limited

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**NEXTmedia**

**NEXT MEDIA LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **Connected Transactions**

During the financial year ended 31st March, 2000, certain ad hoc and one-off printing services were provided by members of the Group to associates of Mr. Lai. Such transactions were independent of each other and each of which was of value less than the de minimis disclosure level under rule 14.24(5) of the Listing Rules and were disclosed in the latest accounts of the Company. The aggregate printing charges amounted to HK\$1,964,219.

The printing services should have been disclosed by way of a paid announcement as connected transactions under Rules 14.25(1) of the Listing Rules when the aggregate amount exceeded HK\$1,000,000, as Mr. Lai is a substantial shareholder and director of the Company.

**The failure by the Company to comply with the full disclosure requirements for the connected transactions under the Listing Rules was an oversight and constituted a breach of Rule 14.25(1) of the Listing Rules. The Stock Exchange has advised the Company that it reserves its rights to take further action against the Company and/or its directors regarding such breach of the Listing Rules by the Company.**

The Board announces that agreements were entered into on 22nd September, 2000 between Paramount, a wholly-owned subsidiary of the Company, and certain associates of Mr. Lai in relation to provision of printing services for a term of one year from 1st April, 2000.

### **Printing Services provided for the year ended 31st March, 2000**

The Board of Next Media Limited (the "Company") announces that the following transactions as reported in the 2000 annual report of the Company between two wholly-owned subsidiaries of the

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Company and associates of Mr. Jimmy Lai Chee Ying ("Mr. Lai") during the financial year ended 31st March, 2000:

Name of Connected Person/ Associates	Description of Transaction	Date of Transaction	Value of the Transaction (HK\$)
Apple Daily Limited	Printing of Xmas main book	December, 1999	155,184
	Printing of Apple 2000 calendar	December, 1999	520,630
	Printing of Apple Daily Supplement	December, 1999	257,993
Apple Daily Limited	Printing of Chinese greeting poster and red packet	January, 2000	766,124
	Online Printing of leaflet	February, 2000	18,700
AD Marketing Limited	Printing of leaflet	February, 2000	245,588
Total			1,964,219

Each of the above transactions valued less than HK\$1,000,000 and were one-off and ad-hoc transactions, independent and not connected with other transactions though related to special seasonal occasions. The transactions have been reviewed and approved by the independent non-executive directors of the Company. The directors (including independent non-executive directors) are of the view that the transactions:

- (a) were conducted in the ordinary and usual course of business of the Group;
- (b) were conducted on normal commercial terms or terms no less favourable than terms available to independent third parties; and
- (c) were fair and reasonable so far as the shareholders of the Company are concerned.

Printing has been the principal activities of the Company and its subsidiaries (the "Group"). The transactions were entered into in the ordinary and usual course of business of the Group. The Stock Exchange granted a waiver to the Company in November, 1999 in respect of printing services provided by members of the Group to Next Media International Holdings Limited and its subsidiaries (the "Next Group"), a group of companies controlled by Mr. Lai, for upto HK\$90 million per year. The Company mistook that all possible printing services with associates of Mr. Lai have been identified and covered under the waiver. Immediately after the above transactions were brought to the attention of the board of directors, reporting procedure in respect of all transactions with connected persons and their associates has been tightened and a designated committee has been formed to conduct periodic review of all connected transactions.

## **Breach of Listing Rules**

The transactions should be aggregated pursuant to Rule 14.04(5) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and should have been disclosed by way of a paid announcement at the time the aggregate value of the printing services exceeded HK\$1,000,000 pursuant to Rule 14.25(1) of the Listing Rules, i.e when the Company performed printing services in respect of Chinese greeting poster and red packet and leaflets in late January and early February, 2000.

The failure by the Company to comply with the full disclosure requirements in respect of the printing services under the Listing Rules was an oversight and constituted a breach of Rule 14.25(1) of the Listing Rules. The Stock Exchange has advised the Company that it reserves its rights to take further action against the Company and/or its directors in respect of the above mentioned breach of the Listing Rules by the Company.

## **Four Printing Services Agreements dated 22nd September, 2000**

Parties:	Paramount Printing Company Limited ("Paramount"), a wholly-owned subsidiary of the Company, as contractor; Apple Daily Limited, directly owned as to approximately 99.8% by Mr. Lai, Next Media (Holdings) Limited, indirectly owned as to approximately 83.2% by Mr. Lai, AD Marketing Limited and eZ Van Limited, companies wholly owned by Mr. Lai (together, the "Customers")
Services to be provided by Paramount:	printing of the Documents
Documents to be printed:	means pamphlets, newsletters, dairy, booklets, leaflets, catalogue, supplements or such other printed matters as the Customers may require from time to time
Term:	one year from 1st April, 2000
Aggregated printing charges incurred from 1st April, 2000 to 31st July, 2000:	HK\$935,028
Expected aggregate charge for the four Printing Services Agreements during the term:	not exceeding HK\$10,000,000
Payment term:	within 90 days from invoice date

The charges are arrived at after arm's length negotiation with reference to the prevailing market charges for similar services. The directors of the Company (including independent non-executive

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directors) are of the view that the transactions are on normal commercial terms and are conducted in the ordinary and usual course of business of the Company.

Given that the Customers are associates of Mr. Lai, a director and substantial shareholder of the Company, the entering into of the Printing Services Agreements with the Customers and the performance of the Services under the Printing Services Agreements constitute connected transactions of the Company and is discloseable pursuant to Rule 14.25(1) of the Listing Rules.

In the event that the aggregate printing charges of the Printing Services Agreements exceeds HK\$10,000,000 during the one year term, the relevant disclosure and shareholders requirements under Chapter 14 of the Listing Rules will be complied with.

### **Reasons and benefit of the transactions contemplated by the Printing Services Agreements**

Given that printing is a principal business of the Group and the printing charges which Paramount can charge the Customers under the Printing Services Agreements are not less favourable than it charges third parties as at the date of the Printing Services Agreements, the directors of the Company (including independent non-executive directors) are of the view that the Printing Services Agreements are fair and reasonable so far as the shareholders of the Company are concerned.

### **General Information on the Company**

The Company and its subsidiaries are engaged in the printing and publication of magazines, operating web-sites and the provision of other Internet-related services.

Further details of the transactions will be disclosed in the next annual report of the Company.

By order of the Board  
Janis Lee Yuen Mei  
Company Secretary

Hong Kong, 23rd September, 2000

Please also refer to the published version of this announcement in the i Mail dated 25/9/2000.