
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 all your shares in Next Media Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



DISCLOSEABLE TRANSACTION
ACQUISITION OF 40% INTEREST IN IGLOO FINANCE LIMITED

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	3
2. The Subscription Agreement	4
3. Potential connected transactions	5
4. The Shareholders Agreement	5
5. Information on Igloo and GoHome	6
6. Reasons for the Subscription	7
7. Additional information	7
Appendix – General information	8

DEFINITIONS

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

“Announcement”	announcement dated on 8 March 2000, which is in relation to the Subscription
“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
“Board”	the board of Directors of the Company
“Company”	Next Media Limited, whose shares are listed on the Stock Exchange
“Completion”	completion of the Subscription Agreement
“Director(s)”	director(s) of the Company
“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
“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
“Latest Practicable Date”	24 March 2000, being the latest practicable date prior to the printing of this document for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Mr Lai”	Mr Lai Chee Ying, Jimmy, a Director and the beneficial controlling Shareholder
“Next Media’s Magazines”	the “Next” magazine, “Sudden Weekly” magazine and “Eat and Travel Weekly” magazine
“NextV”	Next Ventures Limited, a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of the Company
“SDI Ordinance”	Securities (Disclosure of Interests) Ordinance (Chapter 396 of the laws of Hong Kong)
“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 herein is US\$1 = HK\$7.75

LETTER FROM THE BOARD

NEXTmedia
NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

Executive Directors:

Lai Chee Ying, Jimmy
Yeung Wai Hong
Chow On Kiu, Andrew
Ho Kwok Fai, Morris
Ting Ka Yu, Stephen
Kok Hon Kay, Peter

Registered Office:

8 Chun Ying Street
Tseung Kwan O Industrial
Estate West
Tseung Kwan O
New Territories
Hong Kong

Independent non-executive Directors:

Yeh V-nee
Lau Kin Hon, Ronald

29 March 2000

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION
ACQUISITION OF 40% INTEREST IN IGLOO FINANCE LIMITED

INTRODUCTION

On 8 March 2000, the Directors announced that (i) NextV, a wholly owned subsidiary of the Company, has entered into the Subscription Agreement 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) and (ii) 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 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 provides online property classified advertisements.

The Subscription is a discloseable transaction of the Company under the Listing Rules. The purpose of this circular is to give the Shareholders further information on the Subscription.

LETTER FROM THE BOARD

THE SUBSCRIPTION AGREEMENT

Date : 8 March 2000

Parties

Issuer : Igloo, a company currently beneficially owned by the three founders of GoHome, 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 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 Apple 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. The costs of placing of these printed and online advertisements will make reference to the normal commercial terms as quoted by Apple Daily, Next Media's Magazines and/or the Group to other independent third parties. 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.

LETTER FROM THE BOARD

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 these printed advertisements in Apple Daily and Next Media's Magazines on normal commercial terms (or better terms in the favour of the Group). 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 within the advertising cap of HK\$25 million per financial year for the three years ending 19 October 2002 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.

THE SHAREHOLDERS AGREEMENT

Date : 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 from the existing shareholders of Igloo (other than the three founders) in cash a minimum additional interest of approximately 9.99% of the existing issued share capital of Igloo (after completion of the Subscription but before dilution by the subsequent round of investment) 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 9.99% of the issued share capital of Igloo. It is the intention of NextV to treat Igloo as an associated company.

LETTER FROM THE BOARD

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, and the number of shares to be issued will be determined by the then prevailing market conditions. If such spin-off does not occur by 30 June 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, and will be effected in accordance with the Listing Rules.

Shareholders should note that the spin-off of the Group's online assets may or may not proceed subject to market conditions and investors' sentiment towards such assets.

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

INFORMATION ON IGLOO AND GOHOME

Igloo is an investment holding company incorporated in the British Virgin Islands on 28 August 1998. Igloo's material asset is 100% beneficial interest in GoHome. Igloo is solely an investment holding company and no activity was conducted. Hence, Igloo has no financial statement. However, as estimated by the founders of GoHome, Igloo was loss making, and the consolidated net worth of Igloo amounted to approximately US\$100,000 before the Subscription and approximately US\$4.1 million (HK\$31.8 million) after the Subscription.

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, 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 including market commentary and press articles 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. The founders of GoHome estimated that GoHome was loss making, and the net worth of GoHome amounted to approximately US\$100,000 before the Subscription and approximately US\$4.1 million (HK\$31.8 million) after the Subscription. GoHome currently employs 25 staff members.

LETTER FROM THE BOARD

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 the 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.

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. **Upon Completion, each of the three founders of GoHome will enter into a service contract with GoHome with no fixed term of service.**

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.

ADDITIONAL INFORMATION

Your attention is also drawn to further information set out in the appendix to this circular.

Yours faithfully,
for and on behalf of the Board
NEXT MEDIA LIMITED
Chow On Kiu, Andrew
Director

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the equity and debt securities of the Company and any associated corporation (within the meaning of the SDI Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they were deemed or taken to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein were as follows:

(a) Interests in the Shares of the Company

Name	Personal Interests	Number of Shares		Other Interests
		Corporate Interests		
Mr. Lai	–	1,675,500,000	(Note 1)	–
Mr. Yeung Wai Hong	15,000,000	–		–
Mr. Ho Kwok Fai, Morris	8,750,000	–		–
Mr. Chow On Kiu, Andrew	15,000,000	–		–
Mr. Ting Ka Yu, Stephen	9,000,000	–		–
Mr. Yeh V-nee	–	–		130,000 (Note 2)

Note (1): These shares are beneficially owned by Next Media International Holdings Limited (“Next”). Mr. Lai is deemed to have interest in these shares by virtue of his controlling interest in Next.

Note (2): These shares are held by VP Special Situations I Limited (“VPSS”) to which VP Private Equity Ltd. is the fund manager, Mr. Yeh is deemed to be interested in these shares by virtue of the fact that he has more than 1/3 voting right in VP Private Equity Ltd. and a 0.486% attributable interest in VPSS.

(b) Interests in share options of the Company

A share option scheme was adopted by the Company on 20 September 1993 (the “Scheme”) under which, eligible employees (including executive directors) of the Company or any of its subsidiaries may be granted options to subscribe for shares in the Company. As at the Latest Practicable Date, none of the Directors had been granted any options under the Scheme.

Mr. Chow On Kiu, Andrew, was granted by Next an option to acquire 20,432,000 shares in the Company held by Next exercisable at a price of HK\$0.20 per share within a period of two years from 20 April 2000 to 19 April 2002.

(c) Interests in shares of Associated Corporations**Next**

Name	Number of shares	
	Personal interests	Corporate interests
Mr. Lai	32,741,666	–
Mr. Yeung Wai Hong	–	1,282,051 (<i>Note 1</i>)
Mr. Ho Kwok Fai, Morris	–	769,231 (<i>Note 2</i>)

Notes:

1. Mr. Yeung and his family are beneficially interested in these shares through their 100 per cent. interest in Flagstone Assets Limited.
2. Mr. Ho and his spouse are beneficially interested in these shares through their 100 per cent. interest in Adcon Management Limited.

(d) Interests in right to purchase shares in Associated Corporations

Mr. Kok Hon Kay, Peter has been granted a right by Mr. Lai to purchase shares in Apple Daily Printing Limited (“ADPL”), on or after 27 January 2000. The purchase price is to be determined at Mr. Lai’s discretion and the number of shares would represent 2.25% of ADPL’s then total issued share capital.

Save as disclosed herein, none of the Directors or chief executive of the Company had any interest in the equity or debt securities of the Company or any associated corporation (within the meaning of the SDI Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they were deemed or taken to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which were required, pursuant to Section 29 of SDI Ordinance, to be entered in the register referred to therein as at the Latest Practicable Date.

SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the register of substantial shareholders maintained under section 16(1) of the SDI Ordinance showed that the Company had been notified of the following interests, being 10% or more of the Company's issued share capital.

Name	No. of Shares
Next Media International Holdings Limited	1,675,500,000

LITIGATION

The following are claims or litigation of material importance which were pending, commenced by or against the Company or any of its subsidiaries as at the Latest Practicable Date:

A subsidiary of the Company has been named as one of the defendants in a Hong Kong High Court action commenced on 10 June 1994 in respect of a claim for approximately HK\$2,500,000 relating to injuries suffered by a former employee during his course of employment with that subsidiary. The same subsidiary has been named as one of the defendants in a Hong Kong High Court action commenced on 3 October 1994 in relation to claims for unstated damages for alleged infringement of copyright.

Another subsidiary of the Company has been named as one of the defendants in three Hong Kong High Court actions commenced on 12 January 1996, 2 November 1998 and 9 December 1999 respectively in relation to claims for unstated damages for alleged defamation. The claims are related to alleged defamatory statements made in two magazines printed by the subsidiary concerned in January 1996, November 1998 and December 1999, respectively.

Another subsidiary of the Company has been named as one of the defendants in a Hong Kong High Court action commenced on 19 March 1999 in relation to a claim for unstated damages for alleged defamation. The claim is related to alleged defamatory statements made in a magazine published by the subsidiary concerned.

Another subsidiary of the Company has been named as a defendant in five Hong Kong High Court actions commenced on 13 April 1995, 28 April 1995, 15 July 1995, 22 April 1995 and 22 October 1996 respectively in relation to claims for unstated damages for alleged defamation.

Another subsidiary of the Company has been named as a defendant in a Hong Kong District Court action commenced on 13 August 1999 in relation to a claim for breach of an advertising contract. The subsidiary filed an amended defence and counter-claim with the Hong Kong District Court on 27 November 1999.

The above actions were still outstanding as at the Latest Practicable Date. Although the final outcome of these proceedings is uncertain, the Board of the Company is of the opinion that the ultimate liability, if any, of the Group under these actions would not have a material impact on the financial position of the Group.

As at the Latest Practicable Date, save as disclosed, neither the Company nor any other member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

MISCELLANEOUS

Ms. Lee Yuen Mei, Janis, the secretary of the Company, is an associate member of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators.

None of the Directors has any service contract with the Company or any of its subsidiaries or associated companies in force which is not expired or determinable within one year without payment of compensation, or which was entered into or amended within six months before the date of Announcement.

The registered office of the Company is at 8 Chun Ying Street, Tseung Kwan O Industrial Estate West, Tseung Kwan O, New Territories, Hong Kong and its principal place of business in Hong Kong is at 3 Chun Kwong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong.

The share registrars of the Company is Central Registration Hong Kong Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.