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# **NEXTmedia**

## **NEXT MEDIA LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **Clarification on Press Articles**

The Board refers to various articles which appear in today's newspapers regarding the Company's Taiwan expansion and its financial position. The Board would like to clarify that the Company's investment in Taiwan has been in line with its estimation and the Company has sufficient resources to finance its expansion into Taiwan.

The board of directors (the "Board") of Next Media Limited (the "Company") would like to state that at a press conference held immediately after the 2001 Annual General Meeting on August 21, 2001, the directors of the Company (the "Directors") discussed with the press the Company's results and its operations in Taiwan. The Board would like to clarify the following issues:

#### **Expansion into Taiwan**

The Board would like to state that since the launch of Taiwan Next Magazine on May 31, 2001, the response in Taiwan to this magazine has been very encouraging in terms of circulation. According to the Company's unaudited management records, the first 11 issues sold an average 95% of their print run, which ranged from 200,000 to 290,000 copies. Issue 11, published on August 9, 2001, sold 99% of its 270,000 print run. Taiwan Next Magazine is currently loss making. It is expected the advertising would improve as the Taiwan Next Magazine becomes more established in Taiwan.

As disclosed in the Company's 2001 Annual Report ("Annual Report"), the Company intends to spend approximately HK\$150 million for two years for Taiwan Next Magazine. Up to end of July 2001, the Company has spent approximately HK\$80 million on Taiwan Next Magazine, approximately HK\$20 million of which was spent on advertising and promotion. The Board considers that it is not unusual that a new business incurs substantial expenditure at the initial stage of its development and the expenditure so far was in line with the Company's estimation.

## **Online business**

As disclosed in the Annual Report, the Company's online business suffered substantial loss for the year ended March 31, 2001. A thorough restructuring process with the objective to improve the financial situation of the Company has been implemented. Through the licensing of online content and income from advertising sales and subscriptions, the online operations are expected to be substantially improved by the end of 2001. The Directors did not mention at the press conference that the online business would be break-even by the end of this year and are not aware of the source of such information.

## **Financial resources**

As disclosed in the Annual Report, the Group had a shareholder loan (including interest) of HK\$215,780,820 from Mr. Jimmy Lai (“Mr. Lai”), the Chairman and the controlling shareholder of the Company. Subsequent to March 31, 2001, the Group obtained a new bank overdraft facility of HK\$60,000,000 (the “Overdraft”). The Overdraft will expire in November 2001 and is renewable according to the terms to be negotiated with the bank. Mr. Lai has undertaken to the Company to provide sufficient support to the Group to fund its operations (including the operations in Taiwan). In the event that Mr. Lai provides further financial assistance to the Company, the Company will strictly adhere to the relevant provisions under the Listing Rules. In view of the financial support from Mr. Lai, the Board considers that the Company would have sufficient resources to finance its operations.

## **Profits of Apple Daily, Next Magazine, Sudden Weekly and Eat & Travel Weekly (the “Publications”)**

Reference is also made to the article in today's South China Morning Post in relation to the press conference and the profits of the Publications, the Directors would like to clarify that the Publications are not currently part of the Company's business. The Directors did not mention anything relating to the profits of the Publications at the press conference and are not aware of the source on which the reference to such profits in the newspaper article was based. Such information should not be relied upon as any profit forecast of the Publications in relation to the proposed acquisition from Mr. Lai of certain print media business.

By Order of the Board  
**Janis Lee**  
*Company Secretary*  
Hong Kong, August 22, 2001

Please also refer to the published version of this announcement in the Hong Kong iMail on 23-08-2001.