

NEXTmedia

NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 282)

ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

A statutory demand was served by UDL Contracting Limited on Apple Daily Printing Limited for the sum of approximately HK\$162 million plus interest. The alleged debt relates to an earlier dispute and followed from a High Court default judgement obtained by UDL Contracting Limited against Apple Daily Printing Limited.

The Directors have taken legal advice and believe that it has good grounds to set aside the judgement as referred to above and to stay the effect of the statutory demand. An application to set aside the judgement has been filed by Apple Daily Printing Limited in the High Court on 29 June 2007. In any event, the Directors maintain the opinion that, taking the personal indemnity given by Mr. Jimmy Lai into consideration, any ultimate liability arising from the statutory demand will not have a material impact on the Group's financial position.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

As disclosed in the annual reports, interim reports and the results announcements (the most recent being the Company's final results announcement dated 18 June 2007) of Next Media Limited (the "Company"), Apple Daily Printing Limited ("ADPL"), a wholly-owned subsidiary of the Company has been in dispute since September 1998 with UDL Contracting Limited ("UDL") – the contractor assigned to construct the printing facility of ADPL, over amounts payable in respect to the construction of the printing facility in Tseung Kwan O (the "Dispute"). The Dispute is currently under arbitration.

At the time when the Company acquired Database Gateway Limited (the "Acquisition"), which in turn held ADPL and other companies, Mr Jimmy Lai ("Mr. Lai") provided an unlimited personal indemnity (the "Indemnity") to the Company and its subsidiaries (together the "Group"). The Indemnity was issued to safeguard the Group against all losses arising from certain legal proceedings (including the Dispute) involving businesses acquired through the Acquisition. Mr Lai also procured a bank guarantee of HK\$60.0 million in favour of the Group in respect of his obligations under the Indemnity. This was also disclosed in the circular of the Company dated 28 September 2001.

Having taken the advice of the Group's legal counsel and having regard to the Indemnity given by Mr. Lai, the Directors believe that any ultimate liability under these proceedings will not have a material impact on the Group's financial position.

On 28 June 2007, a statutory demand pursuant to Section 178(1)(a) of the Companies Ordinance (Chapter 32) ("Statutory Demand") was served by UDL on ADPL for the sum of approximately HK\$162 million plus interest. The alleged debt relates to the Dispute and followed from a High Court default judgement obtained by UDL against ADPL.

The Directors have taken legal advice and in light of issues regarding the proper service of writ of summons by UDL on ADPL and the merits of ADPL's available defences, the Directors believe that it has good grounds to set aside the judgement referred to above and to stay the effect of the Statutory Demand. An application to set aside the judgement has been filed by ADPL in the High Court on 29 June 2007. In any event, the Directors maintain the opinion that, taking the Indemnity given by Mr. Lai into consideration, any ultimate liability arising from the Statutory Demand will not have a material impact on the Group's financial position.

By Order of the Board
Cat Wong
Secretary

Hong Kong, 3 July 2007

As at the date of this announcement, the Executive Directors of the Company are Mr: Lai Chee Ying, Jimmy, Mr. Ting Ka Yu, Stephen, Mr. Ip Yut Kin and Mr. Tung Chuen Cheuk and the Independent Non-executive Directors of the Company are Mr. Yeh V-Nee, Mr. Fok Kwong Hang, Terry and Dr. Kao Kuen, Charles.

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