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AUGUST 21, 2001

NEXT MEDIA LIMITED TO AGGRESSIVELY EXPAND TAIWAN OPERATIONS

During the coming year, Next Media Limited will continue to call on the expertise of its Chairman, Mr Jimmy Lai Chee Ying, to further extend its operations, particularly in Taiwan, while at the same time consolidating and building on the success of its existing publishing and printing businesses, according to its Deputy Chairman, Mr Andrew Chow On Kiu.

Speaking at a press briefing following the company's Annual General Meeting today (August 21), Mr Chow pointed out that Taiwan *Next Magazine* has been enthusiastically received by readers since its launch in May this year, and that the company will build upon this initial success in the coming months.

"Taiwan has a population of 23 million Chinese speakers, three times the population of Hong Kong. In recent years, it has developed into a democratic society with a free press. There is strong demand for the kind of informative reporting *Next Magazine* has pioneered in Hong Kong, and we see tremendous potential in this market," Mr Chow said.

To back this up, Mr Chow said the print runs of the first 11 issues of Taiwan *Next Magazine*, ranging from 200,000-290,000 copies, had all sold rapidly, with an average sell-out rate of 95%. Sales to date have been more than three times the circulation of any other established weekly magazines on the island.

"The company intends to make a total cash investment of HK\$150 million in Taiwan *Next Magazine*, prior to its operations breaking even. We will continue to fine-tune its content and improve our printing and distribution arrangements, as well as developing it as a successful advertising medium," Mr Chow continued. "In this way we will lay foundations we can leverage to launch or purchase other publications in the Taiwan market."

Regarding the company's other operations, Mr Chow said that, whilst the company's turnover had risen by more than 61 per cent to HK\$350,435,557 during the year ended March 31, 2001, it had recorded a loss of HK\$145,798,288 during the same period, compared with a loss of HK\$78,470,324 the previous year.

"Most of this loss was due to our Internet business. Like so many others, we were overoptimistic about the short-term potential profitability of on-line business, and we suffered when it failed to live up to our expectations. However, we took prompt and effective actions to cut back on our Internet operations. Our target in this respect is to at least break even by focusing on cost-recovery, through subscriptions, advertising income and content licensing.

"More importantly, Next Media owns well-established and well-managed publishing and printing operations, which form the backbone of the Group. The printing division made a profit contribution of around HK\$19 million, whereas the publishing division contributed approximately, HK\$44.5 million, mainly from our best-selling *Easy Finder* magazine," said Mr Chow.

He added that the company has been in discussion with Mr Lai about the possible acquisition from him of certain print media businesses. An application for a new listing in relation to this acquisition has been lodged with The Stock Exchange of Hong Kong Limited. Mr Chow said that by pursuing this application, the directors felt it would be the best strategy for the company to pursue in its quest to become one of the world's leading Chinese-language media companies and in the best interests of its shareholders.

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Issued by PR Partnership
On behalf of Next Media Limited

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