NEXT MEDIA LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 282)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The board of directors (the "Board" or the "Directors") of Next Media Limited ("Next Media" or the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2007, together with the comparative figures for the corresponding period of 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

		Six months ended 30 September	
	NOTES	**2007**	2006
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**1,707,713**	1,636,286
Production costs			
Cost of materials consumed		**(639,578)**	(623,416)
Other overheads		**(73,547)**	(76,406)
Staff costs		**(333,004)**	(334,356)
Other income	*3*	**26,809**	20,117
Administrative expenses			
Staff costs excluding direct production staff costs		**(209,244)**	(194,036)
Depreciation of property, plant and equipment		**(67,026)**	(68,340)
Other administrative expenses		**(145,994)**	(157,425)
Finance costs	*5*	**(8,785)**	(3,845)
Profit before tax		**257,344**	198,579
Income tax expense	*6*	**(41,856)**	(40,824)
Profit for the period	*7*	**215,488**	157,755
Attributable to:			
Equity holders of the parent		**215,488**	157,755
Minority interests		**–**	–
		215,488	157,755
Dividends	*8*	**422,070**	300,729
Earnings per share	*9*		
Basic		**HK9.0 cents**	HK10.6 cents
Diluted		**HK9.0 cents**	HK6.5 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

	NOTES	**30 September 2007** *HK$'000* **(unaudited)**	31 March 2007 *HK$'000* (audited)
NON-CURRENT ASSETS			
Intangible assets		**1,300,881**	1,300,881
Property, plant and equipment		**1,542,455**	1,571,665
Prepaid lease payments		**69,642**	70,541
Deferred tax assets		**4,741**	4,014
Deposit for acquisition of property, plant and equipment		**8,334**	5,442
		2,926,053	2,952,543
CURRENT ASSETS			
Inventories		**171,766**	202,739
Trade and other receivables	*10*	**656,790**	575,908
Prepaid lease payments		**1,797**	1,797
Derivative financial instruments		**94**	746
Restricted bank balances		**5,411**	5,411
Bank balances and cash		**694,320**	862,283
		1,530,178	1,648,884
CURRENT LIABILITIES			
Trade and other payables	*11*	**560,905**	485,700
Borrowings		**144,228**	127,186
Obligations under finance leases		**932**	887
Tax liabilities		**47,955**	21,534
		754,020	635,307
NET CURRENT ASSETS		**776,158**	1,013,577
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,702,211**	3,966,120
NON-CURRENT LIABILITIES			
Borrowings		**214,040**	285,352
Obligations under finance leases		**382**	718
Retirement benefits obligations		**19,115**	18,340
Deferred tax liabilities		**302,672**	304,887
		536,209	609,297
NET ASSETS		**3,166,002**	3,356,823
CAPITAL AND RESERVES			
Share capital		**2,411,829**	2,411,829
Reserves		**754,130**	944,956
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**3,165,959**	3,356,785
MINORITY INTERESTS		**43**	38
TOTAL EQUITY		**3,166,002**	3,356,823

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. Principal accounting policies

The condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007, except that the Group has changed its measurement of the properties from revaluation model to cost model. The change in measurement had no material effect on the results or financial position of the Group for the current or prior accounting periods.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2007. The adoption of these new HKFRSs had no material effect on how the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective standards. The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – INT 12	Service Concession Arrangements[2]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[3]
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

[1] *Effective for annual periods beginning on or after 1 January 2009*
[2] *Effective for annual periods beginning on or after 1 January 2008*
[3] *Effective for annual periods beginning on or after 1 July 2008*

3. Revenue and other income

The Group is engaged in the publication of newspapers, books and magazines, the sales of advertising space in newspapers, books and magazines, the provision of printing and reprographic services, the sales of advertising space on websites, internet subscription and the provision of internet content. Revenue recognised during the period is as follows:

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Revenue		
Sales of newspapers	**395,705**	385,789
Sales of books and magazines	**128,667**	137,159
Newspapers advertising income	**725,210**	694,980
Books and magazines advertising income	**301,642**	288,660
Printing and reprographic service income	**137,120**	114,222
Advertising income, internet subscription and content provision ("Internet businesses")	**19,369**	15,476
	1,707,713	1,636,286
Other income		
Sales of waste materials	**10,847**	9,960
Interest income on bank deposits	**14,303**	8,594
Rental income	**762**	796
Others	**897**	767
	26,809	20,117
Total	**1,734,522**	1,656,403

4. Segmental information

The Group's primary format for reporting segment information is business segments. The Group's major business segments and their corresponding regions of operations are summarised below:

Business segments	Regions of operations
Newspapers publication and printing	Hong Kong and Taiwan
Books and magazines publication	Hong Kong and Taiwan
Books and magazines printing	Hong Kong, North America, Europe and Australasia
Internet businesses	Hong Kong and Taiwan

All transactions between the different business segments are charged at market rates.

Six months ended 30 September 2007

	Newspapers publication and printing *HK$'000*	Books and magazines publication *HK$'000*	Books and magazines printing *HK$'000*	Internet businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	**1,196,665**	**430,309**	**61,370**	**19,369**	**–**	**1,707,713**
Inter-segment sales	**781**	**112**	**85,914**	**45**	**(86,852)**	**–**
	1,197,446	**430,421**	**147,284**	**19,414**	**(86,852)**	**1,707,713**
RESULTS						
Segment results	**189,941**	**42,668**	**32,152**	**(1,214)**	**–**	**263,547**
Unallocated expenses						**(13,380)**
Unallocated income						**15,962**
Finance costs						**(8,785)**
Profit before tax						**257,344**
Income tax expense						**(41,856)**
Profit for the period						**215,488**

Six months ended 30 September 2006

	Newspapers publication and printing *HK$'000*	Books and magazines publication *HK$'000*	Books and magazines printing *HK$'000*	Internet businesses *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	1,138,669	425,819	56,322	15,476	–	1,636,286
Inter-segment sales	–	–	85,426	–	(85,426)	–
	1,138,669	425,819	141,748	15,476	(85,426)	1,636,286
RESULTS						
Segment results	129,957	36,418	27,702	7,143	–	201,220
Unallocated expenses						(8,953)
Unallocated income						10,157
Finance costs						(3,845)
Profit before tax						198,579
Income tax expense						(40,824)
Profit for the period						157,755

Secondary reporting format – geographical segments

	Six months ended 30 September 2007		Six months ended 30 September 2006	
	Revenue *HK$'000*	**Segment results** *HK$'000*	Revenue *HK$'000*	Segment results *HK$'000*
Hong Kong	**943,846**	**158,630**	908,468	146,311
Taiwan	**722,908**	**88,175**	683,713	37,699
North America	**22,998**	**7,983**	25,871	8,512
Europe	**11,684**	**5,698**	14,131	6,762
Australasia	**4,613**	**2,250**	3,713	1,802
Others	**1,664**	**811**	390	134
	1,707,713	**263,547**	1,636,286	201,220
Unallocated expenses		**(13,380)**		(8,953)
Unallocated income		**15,962**		10,157
Finance costs		**(8,785)**		(3,845)
Profit before tax		**257,344**		198,579

5. Finance costs

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Interest expense on bank borrowings wholly repayable within five years	**8,764**	3,845
Interest expenses on finance lease	**21**	–
	8,785	3,845

6. Income tax expense

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
Hong Kong	**38,089**	37,051
Other jurisdictions	**6,670**	649
Deferred tax:		
Current period	**(2,903)**	3,124
	41,856	40,824

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 17.5% for both periods.

Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 27% (2006: 27%) which is the rates prevailing in the relevant jurisdictions.

7. Profit for the period

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting) the following items:		
Allowance for bad and doubtful debt	**13,387**	11,953
Operating lease expenses on:		
Properties	**3,108**	2,913
Plant and equipment	**6,528**	6,100
Depreciation of property, plant and equipment	**67,026**	68,340
Amortisation of prepaid lease payments (included in administrative expenses)	**899**	899
(Gain) loss on disposal of property, plant and equipment	**(54)**	393
Legal and professional fees	**25,262**	37,201

8. Dividends

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Dividends recognised as distribution during the period:		
Ordinary shares:		
Final dividend for 2006/07 – HK8.5 cents (2005/06: HK18.0 cents) per share	**205,005**	268,529
Special dividend for 2006/07 – HK9.0 cents (2005/06: Nil) per share	**217,065**	–
	422,070	268,529
Preference shares:		
Preference shares dividend for 2006/07 – Nil (2005/06: HK3.5 cents) per share	**–**	32,200
	422,070	300,729

Interim dividend proposed and declared after the balance sheet date of the interim period:

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Ordinary shares:		
Interim dividend for 2007/08 – HK5.0 cents (2006/07: HK$4.0 cents) per share	**120,591**	96,473

Special dividend for 2005/06 – HK25.0 cents per share was paid in January 2006.

9. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purposes of basic and diluted earnings per share for the period	**215,488**	157,755

	No. of shares	*No. of shares*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,411,828,881**	1,486,568,787
Effect of dilutive potential ordinary shares:		
Share options	**994,891**	3,243,356
Convertible preference shares	**–**	920,000,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,412,823,772**	2,409,812,143

10. Trade and other receivables

	30 September 2007 HK$'000	31 March 2007 HK$'000
Trade receivables, net	**598,882**	510,389
Prepayments	**18,987**	22,085
Rental and other deposits	**17,889**	21,318
Others	**21,032**	22,116
	656,790	575,908

The Group's sales are made on credit terms of 7 to 120 days.

The following is an aged analysis of trade receivables net of impairment losses allowance at the balance sheet date:

	30 September 2007 HK$'000	31 March 2007 HK$'000
0 – 1 month	**258,757**	238,372
1 – 3 months	**319,070**	232,882
Over 3 months	**21,055**	39,135
	598,882	510,389

11. Trade and other payables

	30 September 2007 HK$'000	31 March 2007 HK$'000
Trade payables	**145,936**	150,124
Other payables	**414,969**	335,576
	560,905	485,700

The following is an aged analysis of the trade payables at the balance sheet date:

	30 September 2007 HK$'000	31 March 2007 HK$'000
0 – 1 month	**104,544**	107,286
1 – 3 months	**28,774**	29,584
Over 3 months	**12,618**	13,254
	145,936	150,124

MANAGEMENT DISCUSSION AND ANALYSIS

Businesses

The Group is mainly engaged in publishing and printing newspapers, magazines and books. In addition, it sells newspaper and magazine advertising space in Hong Kong and Taiwan, provides printing and reprographic services, sells website advertising space, internet subscription and delivers internet content.

Financial results

The Group's revenue totalled HK$1,707.7 million during the six months ended 30 September 2007. This represented an increase of 4.4% on the figure of HK$1,636.3 million for the same period of 2006. The increase was largely attributable to a rise in the revenues of the Group's publications in Taiwan. Meanwhile, the earnings of all the Group's publications in Hong Kong remained steady.

The Group's earnings totalled HK$334.1 million before interest, tax, depreciation, impairment and amortization, an increase of 23.0% over the figure of HK$271.7 million for the corresponding period of 2006. Basic earnings per share were HK9.0 cents, compared with HK10.6 cents for the same period of last year.

The Group also recorded an unaudited consolidated profit of HK$215.5 million, an increase of 36.6% on the figure of HK$157.8 million for the same period in 2006. This was mainly the result of the satisfactory performances of *Taiwan Apple Daily* and the printing operations in Hong Kong.

Overview of major markets

Hong Kong's media and publishing industry grew modestly during the six months ended 30 September 2007. Following the economy's recovery from the recession and the SARS outbreak a few years ago, local consumers have now regained their confidence and increased their spending on major purchases, such as luxury products and vacations. As a result, retailers boosted their advertising budgets during the first half of 2007.

However, Taiwan's economic performance was somewhat below expectations during the period under review. The government's continuing credit card squeeze affected advertising spending on consumer products, which rose only slightly. The total amount spent on newspaper and magazine advertising in Taiwan remained unchanged when compared with the same period in 2006.

Even so, the overall advertising revenues of the Group's publications in both markets increased modestly. At the same time, their circulation income grew, despite a fiercely competitive business environment.

Operational review

During the period under review, the Group implemented comprehensive programmes to reduce the operating expenses and other costs of both its Hong Kong and Taiwan operations. These have been effective, resulting in an improvement of its net profit margin by 3.0% from 9.6% to 12.6%, compared with the same period in 2006.

Newspapers publication and printing division

The newspapers publication and printing division accounted for 70.1% of the Group's total income during the six months up to 30 September 2007. The division's revenue amounted to HK$1,197.4 million, an increase of 5.2% on the figure of HK$1,138.7 million for the corresponding period last year. Meanwhile, the division's segment profit rose by 46.1% to HK$189.9 million, compared with HK$130.0 million in the first half of 2006. *Taiwan Apple Daily* made the greatest contribution to the division's segment profit.

Apple Daily strengthened its position as Hong Kong's No. 2 daily newspaper during the past year, both in terms of its sales and readership. Despite continued strong competition in the market, its average daily sales between January and June 2007 increased to 309,261 copies, compared with the figure of 297,289 for the same period last year[1]. Its readership among readers aged 12+ also grew to 1,297,000 during the same period, compared with the figure of 1,198,000 in the first half of 2006[2]. As a result, *Apple Daily*'s market share rose by 2% to 24%.

Though *Apple Daily*'s advertising revenue totalled HK$316.0 million, a slight decrease of 3.6% on the figure of HK$327.9 million recorded during the same period of 2006, its circulation income rose by 4.8% to HK$201.9 million, as a result of the increases in circulation and readership in the period under review.

Taiwan Apple Daily remained the island's most widely read daily. Its average daily sales climbed to 510,523 copies during the first six months of 2007, up from 495,894 in the same period last year[3]; while its readership also increased to 2,822,000, compared with 2,625,000 a year earlier[4]. Despite the credit card squeeze mentioned previously, *Taiwan Apple Daily*'s revenue in the period under review amounted to HK$604.9 million, compared with HK$561.0 million in the same period of 2006, an increase of 7.8%.

Sharp, the free newspaper that the Group launched in Taipei during October 2006, continued to gain popularity among readers and advertisers alike, and it is set to break even during the coming 12 months. Around 150,000-160,000 copies are distributed to commuters outside the Metro stations every morning from Mondays to Fridays, and it is now the fifth most widely read newspaper in Taiwan. *Sharp* has succeeded in attracting a growing volume of advertising, especially from smaller local companies who find traditional print media too expensive. Its initial success has given the Group a strong head start in this market segment, which other players are likely to enter in the coming years.

The Group's external Hong Kong newspaper printing business continued to grow during the period under review, mainly as the result of its success in winning contracts to print the free newspapers that are being circulated in the city. Its revenue totalled HK$74.5 million, a remarkable increase of 30.5% on the figure of HK$57.1 million in the same period of 2006.

Books and magazines publication division

The books and magazines publication division achieved stable results in a competitive market during the six months ended 30 September 2007. Its revenue totalled HK$430.4 million, a modest increase of 1.1% on the figure of HK$425.8 million achieved in the corresponding period of 2006. The division's segment profit grew by 17.3% from HK$36.4 million to HK$42.7 million during the period.

The Group retained its dominant position in the Hong Kong magazine market by publishing the city's three best-selling and most widely read weeklies. All of these substantially increased their readerships during the past 12 months.

Next Magazine generated HK$133.0 million in revenue, a slight increase of 0.7% compared with the figure of HK$132.1 million for the corresponding period last year. Moreover, it maintained its status as Hong Kong's second most widely read weekly publication, with a readership of 608,000 people aged 12+ during the six months ended 30 June 2007, compared with 530,000 readers in the same period a year earlier[2]. Although its average weekly sales of 123,590 copies were lower than the 130,187 copies in the first six months of last year, they were marginally higher than the second half of 2006[1].

The revenue of the *Sudden Weekly Bundle* – consisting of *Sudden Weekly, Eat & Travel Weekly* and *ME!* – stood at HK$122.8 million during the six months up to 30 September 2007, 16.7% higher than the HK$105.2 million it generated in the same period of 2006. Its advertising income increased by 20.6% to HK$84.8 million, compared with the figure of HK$70.3 million for the corresponding period 2006. This encouraging improvement reflects the loyalty of its upmarket female readers, which has been further strengthened by the launch of *ME!* a new component of the bundle that is attracting advertisers of high-end products.

The *Sudden Weekly Bundle* remained Hong Kong's best-selling and most widely read weekly publication. Average sales rose to 199,914 copies during the first six months of 2007, compared with 190,406 in the same period last year[1]; meanwhile, its readership increased to 732,000, compared with 667,000 in the first half of 2006[2].

The most popular infotainment weekly among Hong Kong youngsters, the *Easy Finder Bundle,* underwent a complete transformation in May 2007. *Easy Finder* was renamed as *FACE*, these changes have given it a new look and a more upmarket image that appeals to both readers and advertisers.

The FACE Bundle continued to perform steadily, and its revenue totalled HK$57.1 million during the six months up to 30 September 2007, compared with HK$65.3 million in the same period of 2006. Its circulation revenue fell by HK$6.9 million, due to a reduction of the cover price from HK$10.0 to HK$5.0 in November 2006. Its average weekly sales between January and 23 May 2007 (being the last issue published in the name of *Easy Finder* and renamed as *FACE* thereafter) were 117,499 copies, up from 94,998 copies in the first half of 2006[1]. Readership also grew to an average of 411,000 during the first half of 2007, compared with 343,000 in the first six months of 2006[2].

Taiwan Next Magazine remained the island's best-selling and most widely read weekly. Its revenue totalled HK$117.0 million in the six months ended 30 September 2007, compared with HK$122.7 million in the same period last year, a small drop of 4.6%. The weekly sales of *Taiwan Next Magazine* between January and June 2007 averaged 123,144 copies, compared with 134,051 copies in the same period of 2006[3]. Meanwhile, its readership remained stable at 1,348,000, compared with 1,350,000 a year earlier[4].

Books and magazines printing division

The books and magazines printing division continued to make a steady contribution to the Group's results. Even though the printing industry's pricing remained very competitive, both regionally and worldwide, the division still achieved a revenue of HK$147.3 million during the six months ended 30 September 2007, which was 4.0% higher than the figure of HK$141.7 million for the same period last year. This consisted of HK$61.4 million from external magazine printing business and HK$85.9 million from inter-segment transactions, which represented increases of 9.0% and 0.6% on the respective figures for the same period in 2006. The division also recorded a segment profit of HK$32.2 million, which was 16.2% higher than its profit of HK$27.7 million for the corresponding period of last year.

The division upheld its high reputation for quality within the printing industry. It is expected to remain a source of stable revenue and profit for the Group.

Internet division

The internet division continued to play a valuable role in strengthening the Group's brand image, especially among younger people, and its business remained stable. Additional resources were devoted to developing this division further during the period under review, especially in the area of webcasting. Its revenue totalled HK$19.4 million, an increase of 25.2% on the figure of HK$15.5 million recorded in the same months of 2006. However, this segment recorded a loss of HK$1.2 million, a decline of 116.9% compared with a profit of HK$7.1 million during the corresponding period of last year.

Future prospects and outlook

The Group is optimistic about Hong Kong's general economic conditions in the coming months, and believes its business environment will remain favourable. Taiwan's economic prospects also look stable. In fact, the approach of next year's presidential election on the island means its government will probably take steps to stimulate the economy in the near future. Political advertising is also set to increase during this period; and general business advertising is likely to grow as well. The Group expects these factors to benefit our publications, because their neutral positioning appeals to more-affluent readers seeking unbiased news.

Historically, the Group's business has usually been stronger in the second half of the year than during the first half. This seasonal factor will probably influence its results during the coming months.

The Group will maintain its strategy of building on the established strength and reputation of its core businesses in Hong Kong. At the same time, it will continue to look to the Taiwan market for further substantial growth in terms of both revenue and profit. Taiwan currently accounts for around 42.3% of the Group's revenue, and its contribution is expected to increase in the coming years to the point where both markets contribute roughly equal percentages.

SOURCES:

[1] *Hong Kong Audit Bureau of Circulations Ltd.*
[2] *2007 Nielsen Media Index: Hong Kong Report (Mid-year Report)*
[3] *The Audit Bureau of Circulations, R.O.C.*
[4] *Media Index (January-June 2007), Nielsen Media Research, Taiwan*

Liquidity and financial resources

The Group finances its operations principally with cash flow generated from its operating activities and, to a lesser extent, bank facilities provided by its principal bankers.

As at 30 September 2007, the Group had available banking facilities totalling HK$567.1 million, of which HK$363.1 million had been utilized. All bank borrowings bear interest at floating rates. There is no seasonality for borrowing requirements. The Group's bank borrowings were denominated in Hong Kong Dollars and New Taiwan Dollars.

As at 30 September 2007, the Group had HK$699.7 million in bank balances and cash reserves. The current ratio as at 30 September 2007 was 202.9%, compared to 259.5% as at 31 March 2007. The Group's gearing ratio as at 30 September 2007, which is calculated by dividing long-term liabilities including current portions by total asset value, decreased to 8.0%, compared with 9.0% as at 31 March 2007.

Assets pledged

As at 30 September 2007, the Group had pledged its Hong Kong and Taiwan properties and certain printing equipment in Hong Kong and Taiwan with an aggregate net book value of HK$963.5 million, to various banks as security for bank loans and general banking facilities granted to the Group.

Exchange exposure and capital expenditure

The Group's assets and liabilities are mainly denominated either in Hong Kong Dollars or New Taiwan Dollars (NT$). The Group's exchange exposure to New Taiwan Dollars is due to its existing magazine and newspaper publishing businesses in Taiwan.

As at 30 September 2007, the Group's net currency exposure was NT$4,334.9 million (equivalent to about HK$1,033.1 million).

The Group's strategy is to reduce its exchange rate exposure by arranging local currency bank loans. To this end, the Group has accepted a five-year term loan facility for a total amount of NT$2.5 billion offered by a local bank in Taiwan. This loan is divided into two tranches. The first of these is scheduled to be drawn down during this current financial year. It will be used to repay the Group's existing Taiwan bank loans, with the aim of achieving considerable savings in interest payments over the coming five years. The second tranche will provide general working capital for the future development of the Group's operations in Taiwan. The Group has no definite schedule for drawing down this second tranche at the present time.

The Group will closely monitor its overall currency exposure and, when considered appropriate, it will take further necessary actions to hedge against such exposure.

During the six months ended 30 September 2007, the Group's capital expenditure amounted to HK$30.9 million, including HK$10.7 million for its Taiwan operations. As at 30 September 2007, the capital expenditure committed for its operations amounted to HK$9.2 million, including HK$2.2 million for its Taiwan operations.

Share capital structure

As at 30 September 2007, the Company's total issued share capital was HK$2,411,828,881. This was divided into 2,411,828,881 ordinary shares with a par value of HK$1.0 each.

Contingent liabilities

As at 30 September 2007, the Group had contingent liabilities in respect of a number of litigation proceedings, arising from its publishing businesses in Hong Kong and Taiwan. In addition, the Group had a dispute with UDL Contracting Limited – the contractor assigned to construct the printing facility of its subsidiary Apple Daily Printing Limited – concerning amounts payable for the construction of its printing facility in Tseung Kwan O. This matter is currently under arbitration, and the final outcome of the proceedings is uncertain.

In connection with the acquisition of Database Gateway Limited in October 2001 (the "Acquisition"), Mr. Lai Chee Ying, Jimmy ("Mr. Lai") has undertaken to provide unlimited personal indemnities (the "Indemnity") to the Group against all payments, claims, suits, damages and settlement payments and associated costs and expenses in relation to certain legal proceedings (including the dispute with UDL Contracting Limited) involving the businesses acquired through the Acquisition. In relation to the Indemnity, Mr. Lai has procured a bank guarantee, in favour of the Group of HK$60.0 million in respect of his obligations under the Indemnity. This bank guarantee is valid up to October 2010. Having taken the advice of the Group's legal counsel and the Indemnity given by Mr. Lai into consideration, the Directors are of the opinion that any ultimate liability under these proceedings will not have a material impact on the Group's financial position.

As at 30 September 2007, the Company had contingent liabilities in relation to corporate guarantees given by the Company to financial institutions for facilities utilized by certain of its subsidiaries amounting to HK$65.3 million.

Employees and remuneration policy

As at 30 September 2007, the Group employed a total of 3,515 employees, of whom 1,933 were in Hong Kong, 1,577 were in Taiwan, and 5 were in Canada. There were no material changes to the policies regarding employee remuneration, bonuses, share options schemes and staff development disclosed in the 2006/07 annual report. Total staff costs for the six months ended 30 September 2007 amounted to HK$542.2 million, compared with the figure of HK$528.4 million for the same period of last year.

Interim dividend

The Directors have declared an interim dividend of HK5.0 cents per ordinary share (2006/07: HK4.0 cents), amounting to HK$120.6 million. This will be payable to shareholders whose names appear on the Register of Members of the Company on Monday, 14 January 2008.

Book closure

The Register of Members of the Company will be closed from Thursday, 10 January 2008 to Monday, 14 January 2008, both days inclusive, during which period no transfer of ordinary shares will be effected. To qualify for the interim dividend, all transfers of ordinary shares accompanied by relevant ordinary share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investors Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 9 January 2008. Dividend warrants will be despatched on or around Friday, 25 January 2008.

AUDIT COMMITTEE

The Audit Committee consisted solely of the Company's three INEDs and it was chaired by Mr. Yeh V-Nee. Full details of the Audit Committee, including its role and terms of reference, can be found on the Company's website. During the six months ended 30 September 2007, the Audit Committee held one meeting to review the audited financial statements of the Company for the year ended 31 March 2007. All its members attended the meeting. The Audit Committee also reviewed with the management the scope of services provided by existing external auditors regarding financial reporting, internal control and risk management systems, and the unaudited condensed consolidated financial statements for the six months ended 30 September 2007.

The Group's external auditors, Deloitte Touche Tohmatsu, have reviewed the unaudited condensed consolidated financial statements for the six months ended 30 September 2007 of the Company in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and Hong Kong Accounting Standard 34, "Interim Financial Reports", both of which were issued by the Hong Kong Institute of Certified Public Accountants.

CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CODE")

During the six months ended 30 September 2007, the Company fully complied with the applicable provisions of the Code, except for the following deviation:

Code provision E.1.2

Under Code provision E.1.2, the Chairman of the Board shall attend the Company's annual general meeting.

Mr. Lai was unable to attend the 2007 Annual General Meeting held on 30 July 2007 as he had another business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Following specific enquiries by the Company, all its Directors have confirmed that they fully complied with the required standard of the Model Code throughout the period under review.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 September 2007.

PUBLICATION OF THE INTERIM REPORT ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The interim report for the six months ended 30 September 2007 containing all information required by Appendix 16 of the Listing Rules will be despatched to the shareholders and published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and of the Company at www.nextmedia.com respectively in due course.

By Order of the Board
Ting Ka Yu, Stephen
Director

Hong Kong, 17 December 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.