

Frequently Asked Questions

Q1

How has Next Media coped with the advertisement downturn in both Hong Kong and Taiwan? What is the Group's strategy for increasing revenue?

The Group has a firm belief that only market leaders with high readership and circulation can attract advertisers and generate growth. Apart from the Group's solid brand names, our proactive strategies have enabled us to be marginally affected by the advertising downturn. This is clearly evidenced in our bundling of *Sudden Weekly* and *Eat & Travel Weekly*, in which the advertising rates rose notably year-on-year.

As for *Taiwan Next Magazine*, the Group managed to increase the average editorial pages: advertising pages ratio from 86:14 for its first year of publishing to 64:36 by the second half of this fiscal year. Although there was such an impressive growth in advertising pages, given the fact that *Next Magazine* in Hong Kong maintained an average editorial pages: advertising pages ratio of 52:48 for the same period, we believe that there is further room for growth in advertising revenue for *Taiwan Next Magazine*.

What is the initial response in both advertising and circulation to *Taiwan Apple Daily* so far?

Next Media has always prided ourselves in our brand-building competencies and marketing strategies. The Group is very pleased with the overwhelming success of the launch of *Taiwan Apple Daily* so far, with an average print-run of approximately 500,000 copies to 600,000 copies per day for May 2003. Meanwhile, advertising sales also picked up steadily with advertisers coming from various industries.

Given the sufficient production capabilities and competent editorial team, along with a set of compelling and meticulously crafted sales and marketing strategies, we believe that *Taiwan Apple Daily* is well-poised to become one of the three best-selling newspapers in Taiwan.

Q2

Q3

Running a newspaper business involves higher risks and higher costs than a magazine business. Is the Group's financial position capable of meeting the challenges of *Taiwan Apple Daily*?

Next Media has a principle of prudent financial management, with careful and due analysis of the risks involved in our business operations. We would like to stress that all investment in Taiwan are well within our expectation. The Group is in a healthy financial position, with cash on hand of approximately HK\$497.2 million. We target to achieve break-even for *Taiwan Apple Daily* in two years' time and we believe that we have ample resources to facilitate our business developments in Taiwan.

It is believed that cable TV is the major competitor of *Taiwan Apple Daily*. How can *Taiwan Apple Daily* outrival its competitors?

While we agree that *Taiwan Apple Daily* and cable TV might give the impression that both share the similar edge as far as reporting groundbreaking news is concerned, we are of the opinion that TV and newspaper are two very distinctive medium, and we do not see that there is any "direct" competition between the two per se.

What perhaps sets us apart from our competitors is that *Taiwan Apple Daily*, with its dynamic way of reporting as well as the emphasis placed on layout design, is the first mover venturing into the "infotainment" segment of the newspaper market in Taiwan.

Leveraging on the successful experience in Hong Kong as well as the gradual acceptance we see from our experience in running *Taiwan Next Magazine*, we are determined to mount another revolution in this untapped domain of the Taiwan print media industry.

Q4

Q5

What is your next target for market expansion?

Next Media will focus its efforts and resources on further consolidating our business in Taiwan. This principle is consistent with the Group's belief to focus on organic growth – to build and turn a new venture into a success before we will consider other business opportunities.