

Frequently Asked Questions

1

How does the Company regard its prospects for the coming year?

The Company remains positive and with good reason. The year ended 31 March 2004 saw *Sudden Weekly* and *Easy Finder* both undergo major design overhauls. The two newly revamped titles have subsequently achieved significant circulation increases as a result. The Group believes that advertising revenue will rise steadily as brand managers and media buyers become increasingly confident about each title's ability to deliver readers in large numbers. Prospects in Taiwan are also looking bright. *Taiwan Next Magazine* has already turned a small profit while *Taiwan Apple Daily* is now circulating over 400,000 copies daily.

2

Does the Group foresee a day when its Taiwanese stable of publications equals or exceeds that of its Hong Kong counterpart?

With a population of over 22 million Chinese-speaking people, the size of Taiwan's market is around three times that of Hong Kong's. For this reason, it remains a very central focus for the Group. Taiwanese readers have been gratifyingly quick to embrace titles such as *Taiwan Next Magazine* and *Taiwan Apple Daily*. Once these titles are established market leaders, there is no reason why the Group would not consider expanding upon Taiwan's magazine lineup in the future.

3

What will be the Company's major growth drivers going forward?

Taiwan will remain the Group's primary focus on growth for the foreseeable future. *Taiwan Next Magazine* and *Taiwan Apple Daily* have both made significant strides in this market in a very short period of time. All the available evidence indicates that the Taiwan market offers the Group plenty of scope for expansion in terms of increased sales and advertising and possibly even new titles. However, the Group intends to ensure the sustainable profitability of its two existing publications before launching any new titles in the Taiwan market.

4

What steps has the Company taken to improve corporate governance and investor relations during FY04?

Next Media has always been committed to maintaining the very highest standard of corporate governance. Specific activities undertaken to ensure this goal was met during the year ended 31 March 2004 included the appointment of one additional Independent Non-executive director and the organization of a series of seminars. Topics covered included corporate governance, directors' duties and disclosure of interest under the new Securities and Futures Ordinance. Additional activities in this area during 2004 included the Group's adoption of a model code for securities transactions by Directors and the issuance of a profit warning announcement.

5

Given the improved economic climate in HK, is the Company anticipating any increase in its advertising revenue during FY05?

The Hong Kong economy has recovered from the SARS crisis remarkably well and is doing far better than most people would have thought possible just one year ago. The Group remains cautiously optimistic that Hong Kong will continue to perform well and that its advertising revenue will climb steadily as a result.