

flexible  
strategy

shaping  
the future





## chairman's statement

I am delighted to inform you that Next Media had another very successful year in 2005/06. Its highlight was undoubtedly the fact that our Taiwan operation became profitable for the first time during the year.

*Taiwan Next Magazine* has always been a tremendous hit ever since it was launched in May 2001. In fact, it has consistently sold more copies than any other weekly magazine on the island. According to audited figures, it sold an average of 140,000 copies a week during the six months ended 31 December 2005; and it was read by an average of 1,570,000 people a week throughout last year.

# embracing challenges

Meanwhile, *Taiwan Apple Daily* has revolutionised the island's entire newspaper industry since the first issue appeared in May 2003. Taiwan already had many vibrant and competitive newspapers. Yet, *Taiwan Apple Daily* has succeeded by offering its 23 million people a fresher, livelier style of journalism and a more colourful and exciting format than they had ever seen before. It has set new benchmarks against which all the island's other newspapers are now judged. However, none of them have managed to match our unique combination of robust 100 percent local content, and the vibrant presentation we adapted from the titles that we previously pioneered in Hong Kong.

As a result, *Taiwan Apple Daily* has leapt up the sales and readership charts, overtaking its long-established competitors. Despite a 50 percent cover price increase last September, it was one of the island's bestselling dailies, with an audited circulation of 527,000 copies during the six months ended 31 December 2005. It was also one of the two most widely read newspapers, with an average daily readership of 2,696,000 during 2005.





# bridging Hong Kong & Taiwan



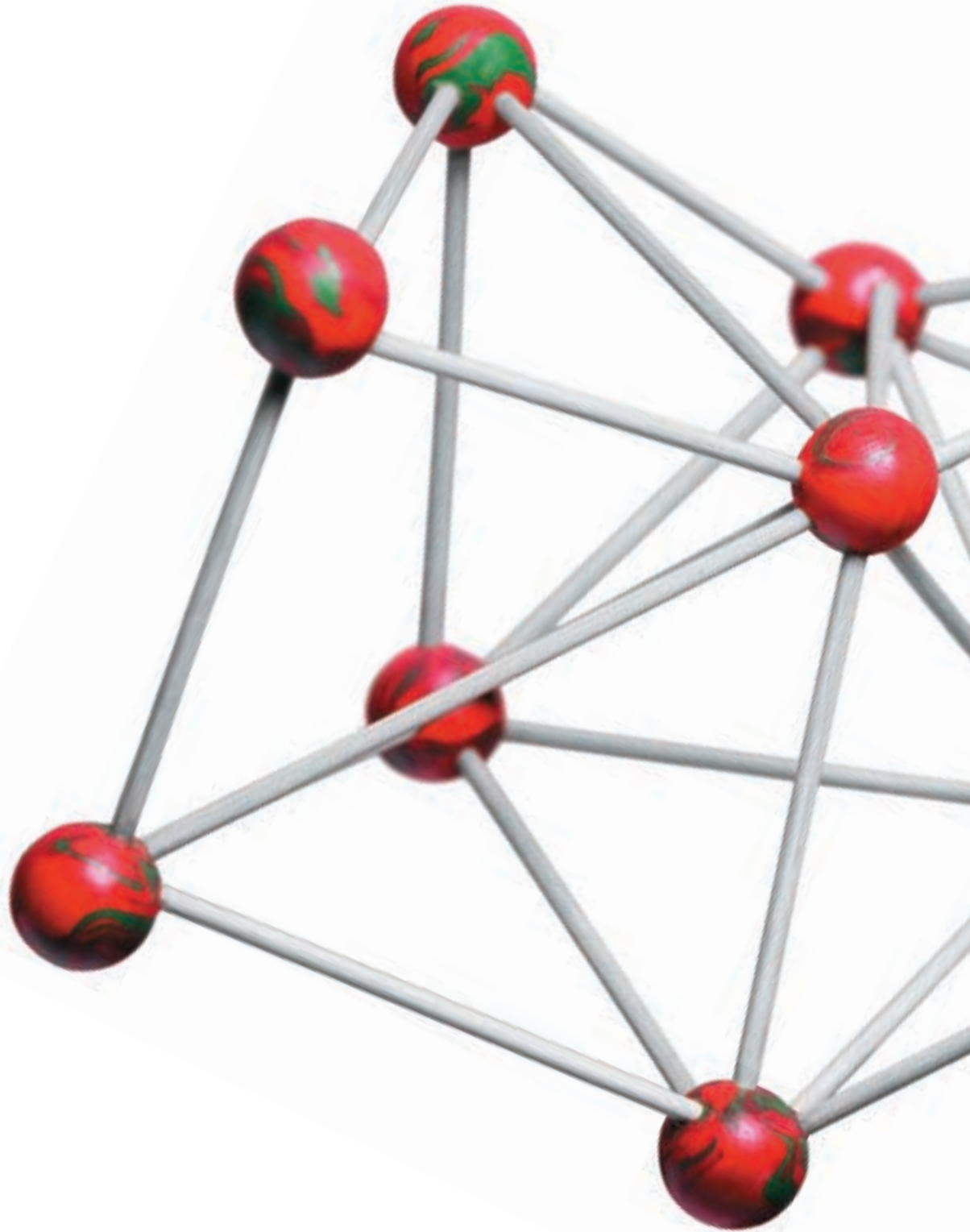
These two examples illustrate the truth of what I said so many times before: *Next Media's future lies in Taiwan*. The island has the potential to become the jewel in the crown of our operations. We have succeeded in establishing ourselves as leading players in the media industries of two key Chinese-speaking communities. We have two legs on which to walk – giving us a major advantage now that the Hong Kong media industry has matured on which nobody is likely to score sensational results in the near future.

This asset has great potential for further growth. Besides strengthening the leading edge of our existing titles in Taiwan, we are now exploring how to leverage it in other ways. For instance, we are considering opportunities to expand our business by launching other publications there. We believe the market is ripe for such initiatives.

Of course, there will always be pessimists in this world. Some now say that Taiwan faces many political and economic uncertainties, and that these may increase in the coming years. Yet, we believe the island has a bright future. Its economic fundamentals are likely to remain strong, and the outlook is positive. Taiwan's free and democratic society will continue to flourish; and its social and business climate will continue to offer us outstanding opportunities to deliver the products its readers and advertisers want.



# bonding teams





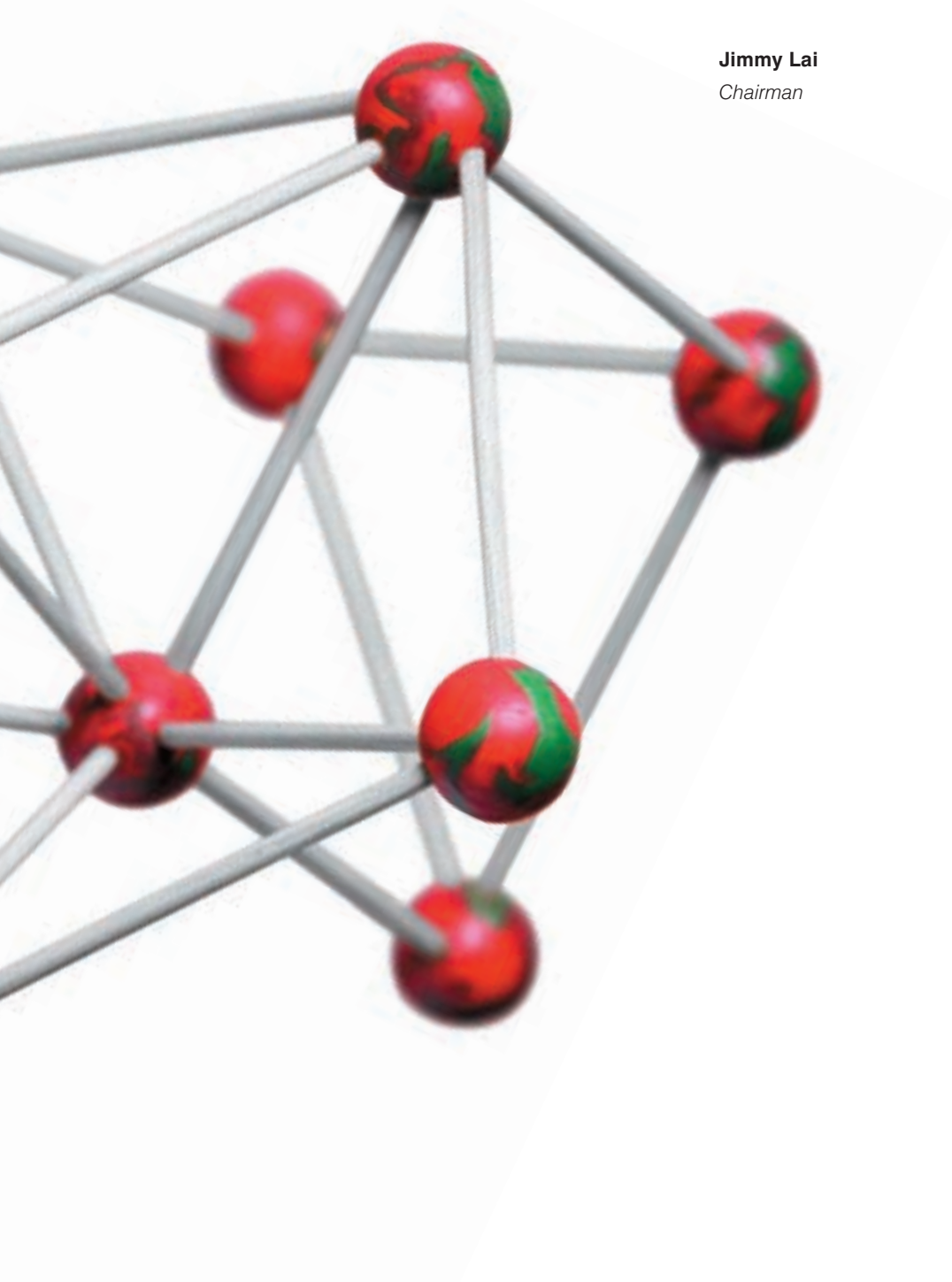
Turning to Hong Kong, as I previously mentioned, the media industry here is mature and stable. We have a well-entrenched and profitable position in the market. Although we faced fierce competition during the past year, our advertising revenue continued to hold steady. Against a backdrop of promising economic and business conditions, our target for the coming year is to battle to increase our market share further.

We always remember that our readers are our masters. So, we will constantly study their needs, and satisfy these in innovative ways. While continuously enriching the content of our print publications, we will seize every chance to exploit the new

possibilities created by advances in information technology. In that way, both we and our readers will benefit from the opening up of the information superhighway in the future.

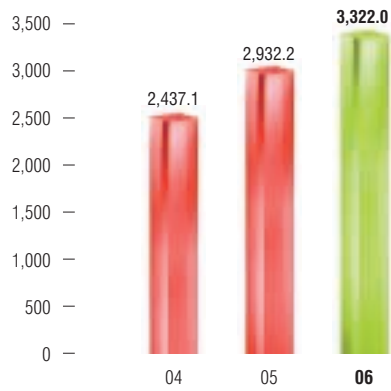
All our successes during 2005/06 were due to the exceptional hard work, dedication and skills of our teams in Hong Kong and Taiwan. They were the results of the loyalty of our readers, and they stemmed from the unwavering support we received from our shareholders. I would like to take this opportunity to thank all of you from the bottom of my heart. Please be assured that everyone connected with Next Media will persevere in rewarding the trust you have shown in us during the coming months.

**Jimmy Lai**  
*Chairman*



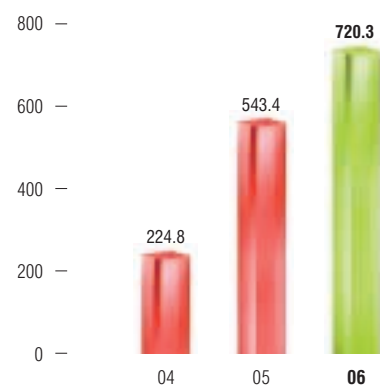
HK\$ million

### Turnover



HK\$ million

### EBITDA and before impairment loss in respect of intangible assets



turnover

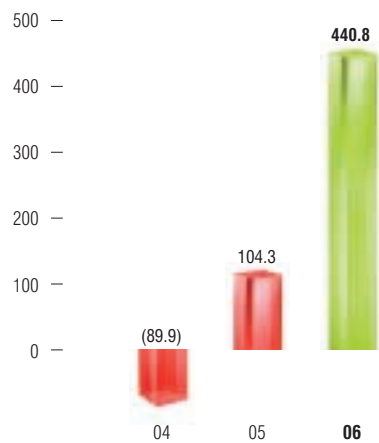
+ 13.3%

EBITDA

+ 32.6%

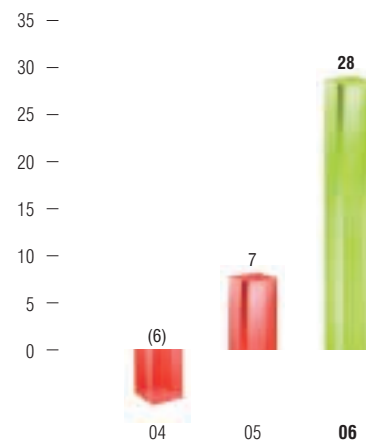
HK\$ million

### Profit / (Loss) for the year

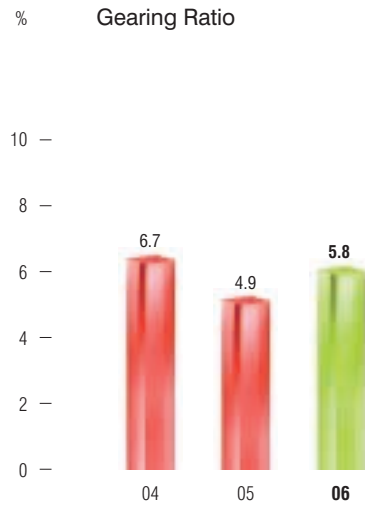
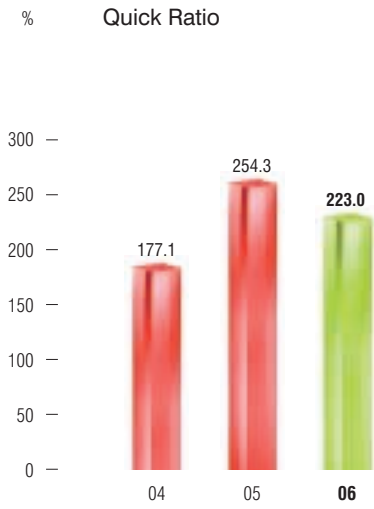


HK Cents

### Basic Earnings / (Loss) per share

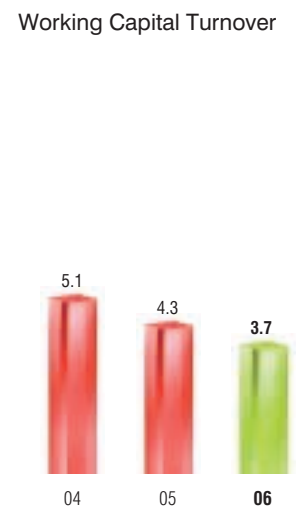
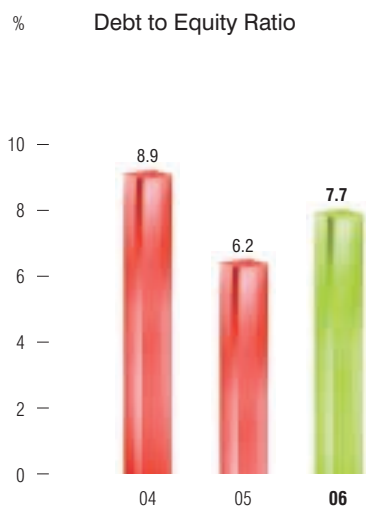
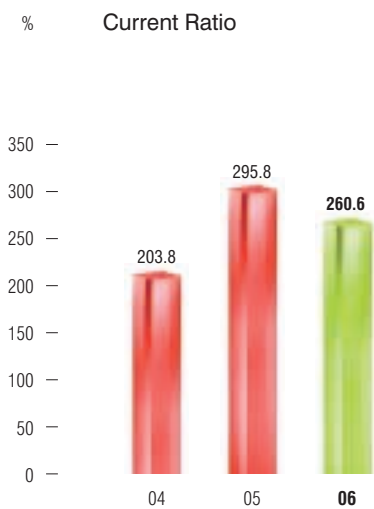


Note: Prior period' figures have been adjusted to reflect the changes as described in Note 3 to the financial statements.



profit for the year  
**+322.6%**

earnings per share  
**+300.0%**



Our flexible business strategy and transparent corporate governance is the foundation to our sound financial performance

