

Management's Discussion and Analysis

"An apple a day keeps the doctor away."

Yes – but only if the apple is crisp, pesticide-free and consumed when it is fresh.

Next Media Limited (the “Company” or “Next Media” together with its subsidiaries, the “Group”), the most well-established and influential Chinese print media group in Hong Kong, has lived up to this philosophy and transformed the Chinese language print media sector. The Group’s mission is to reveal the truth to its readers, without fictitiousness and artificiality, through two newspapers and five

magazines. Today, the Group is the industry leader in terms of readership and circulation – not to mention sustainable advertising revenue in the increasingly competitive market.

Following its success in the Hong Kong market, the Group moved into the Taiwan market, where it has notched up a significant milestone. In 2001, the Group launched *Taiwan Next Magazine*, and repeated the success of *Next Magazine* in Hong Kong. In 2003, the Group launched *Taiwan Apple Daily*, after a year spent in building production facilities, establishing human resources and conducting market testing, sales and marketing and other preparatory work. Taiwan represents an important milestone for the Group’s business development and will remain a key market in the next few years.