

## Chairman's Statement

Ever since I entered the publishing industry 12 years ago, I experienced all the fickle fortunes and misfortunes of media business. It was a valuable lesson for myself and for the Group. In 2001, *Next Magazine* made its entrance in Taiwan. Trying to establish a presence in the world's second largest Chinese print media market has proven to be not one bit less exciting and challenging than anyone of Next Media's previous experience.

However I have always believed that solving problems means creating value. And solving problems for one's company means adding value for its shareholders. Since its debut in May 2001, *Taiwan Next Magazine* has come under repeated attacks, both figuratively and literally, when our office was willfully vandalized. Yet an average print-run of 160,000 copies of the publication continued to roll off the press each week. This confirms my conviction that in a free market society where people are free to speak their minds, media that is outspoken, creative, truthful, and entertaining is poised to flourish.

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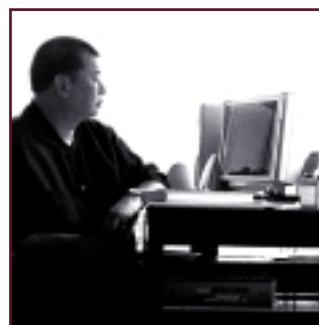
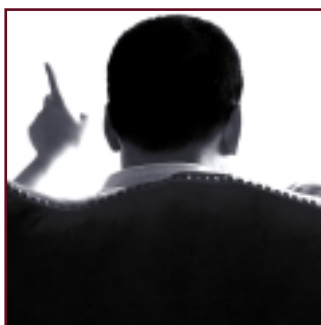
I have observed that the Taiwanese are avid-readers and eager for knowledge. *Taiwan Next Magazine*, with its rich content, daring and lively style, is exactly what they need to satiate their hunger for information and entertainment. During the period, *Taiwan Next Magazine* reaped revenue worth a total of HK\$101.05 million for the Group. As the Taiwan economy continues to

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improve, we believe *Taiwan Next Magazine* is on course to break even by the end of fiscal year 2003. This temporary loss is by no means an accurate reflection of what implications our publishing business in Taiwan holds for the Group and of the revenue it will generate. Of this I am extremely confident.

As for our publishing business in Hong Kong, the successful takeover of *Apple Daily* and the three magazines, *Next Magazine*, *Sudden Weekly*, and *Eat & Travel Weekly* in October 2001 has significantly expanded the scale of our publishing business. We are now the largest listed Chinese print media group in Hong Kong in terms of sales volume and readership.

The takeover is very much in line with the Group's development strategy. I believe that the best way to make a profit is to engage in the trade you are strongest in and most familiar with. Our strength is print media. Taking over the newspaper and the three magazines has helped to fine-tune the focus of our business and has improved, by leaps and bounds, our capacity for profit. Thanks to the Acquisition, our Group has turned losses into profits to the tune of HK\$26.55 million during the period.



Looking ahead, publishing will continue to be the main source of revenue and profit for Next Media. In Hong Kong, we will strive to consolidate our leading position of one newspaper and four magazines and to broaden our share in the market. The great promise of the Taiwanese readership has already been born out by the preliminary success of *Taiwan Next Magazine*. The island has a population of over 22 million - over three times that of Hong Kong, and a booming print media market. To tap its potentialities, we plan to publish a newspaper in addition to *Taiwan Next Magazine*. The Group is all geared up for a full invasion of the Chinese print media market in Taiwan.

Taiwan boasts the second largest group of Chinese readers in the world and a population with extremely high consumption ability. Politically, the country has become increasingly liberal in recent years, and freedom of speech is very rarely breached. All these favourable conditions make the island highly attractive among Chinese print media corporations in the world. Yet, to date, not

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a single Chinese print media corporation outside Taiwan has managed to establish an influential and profitable presence in the market. Next Media’s endeavours to do so are not driven by faith in miracles, but rather by the confidence that there is immense room for development in Taiwan’s newspaper and magazine market. What makes a society free and liberal is the right of its people to choose, and in order to make choices in their best interest, they need a massive amount of information. The media is the most powerful and effective means of providing such information. The Taiwanese’s eagerness for fresh and updated information indicates an increasingly liberal society and a media market that is far from saturated. This is a very simple reasoning that anyone can understand.

“Our policy remains the same: securing ideal returns for our shareholders by telling the truth.”

The media is about truth finding. It has always been my conviction to ‘tell it as it is’. People who do not like to tell the truth should not be in this profession. I also believe that honesty is ultimately the only path to success. Never underestimate the readers’ intelligence and power. Fake reports simply do not go down well. Lying may win you short-term conveniences, but it is in fact suicidal, as readers will always abandon liars. For the long run, honesty is also the best way to maximize profits for the shareholders. I am not intimidated by media that imitate our style. I simply hope that they will also emulate our quest for truth and outspokenness. There can only be hope for society if our media does not lie.

Quest for truth and the courage to speak - these have always been Next Media’s chosen path. A simple path: how hard, yet how easy. But precisely because this is the path we tread, we have won your trust and support, you - our readers, advertising clients, shareholders, staff and business partners. I am truly grateful for this, and I appeal to you all to continue having faith in us and supporting us. Our policy remains the same: securing ideal returns for our shareholders by telling the truth. We will not let you down.

**Jimmy Lai**  
Chairman