

# Letter to Shareholders

**We have extended  
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Thirteen years ago, *Next Magazine* was a weekly magazine with a circulation of about 60,000 copies. From that modest start, we have grown to become one of the most comprehensive – and largest – Chinese media groups anywhere in the world; with a diversified portfolio of two newspapers, five magazines and a major commercial printing operation.

We have extended our presence from Hong Kong to Taiwan, and have taken our business from conventional print media to the Internet. Our commitment to investigative journalism clearly has earned the respect and support from readers and advertisers alike.

With persistent deflation and rising unemployment, Hong Kong endured a most difficult year in 2002. Yet, despite fierce competition, we achieved results that are as impressive as they are rewarding. Whereas our acquisition in October 2001 was instrumental to this success, the ability to stringently control cost contributed to the significant increase in profit.

In Taiwan, having achieved an average weekly circulation of 140,000 copies, *Next Magazine* has clearly won a vote of confidence from our readers and advertisers, with results to match. It has captured the number one position in circulation, it broke even in May 2003, and it is well on the road to become another profit centre for the Group.

In May 2003, we launched *Apple Daily* in Taiwan. Our editorial stance in advocating market freedom and liberty, our dedication to investigative journalism, and our vibrant layout and graphics, have captivated readers in Taiwan.

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With a population of over 22 million, Taiwan is the largest Chinese print media market next to Mainland China. The auspicious starts of both *Next Magazine* and *Apple Daily* in Taiwan, and the solid foundation that we have built in Hong Kong, all testify to the efficacy our strategy of presenting hard-hitting reporting with powerful visuals in developing the Chinese media market.

Having passed the half-century mark in age, I have, as the Chinese saying goes, found the meaning in life. I now accept that media is my true calling, and the media market for Greater China is where the future of our Group lies. It is only a matter of time before the “Three Direct Links” – in commerce, post, and transportation – will be established across the Taiwan Straits. I want to assure you that when that day comes – and it will come – we shall be ready and prepared.

Before I close this letter, I must take this opportunity to thank our readers, advertisers, business partners – and our colleagues, for their unwavering support over the years. To you, our shareholders, I offer this simple pledge – I will work day and night to earn your trust and to maximize the returns on your investment.

**Jimmy Lai**  
Chairman