

Chairman's Statement

2002 was a year full of challenges. The Group had to cope with the economic repercussions of the September 11 terrorist attack and increasing geopolitical tensions, which had made significant impacts on our businesses around the world. Yet, through it all, the Group managed to enhance shareholders' value by adopting prudent financial management and successfully implementing a series of restructuring exercises. At the same time, the Group undertook a number of initiatives to diversify its revenue sources across different businesses and geographical areas with a view to laying a strong foundation for future growth.

During the past 12 months, we prepared for continued weakness in the local economy and a subdued advertising market by further strengthening our financial position through gradual divestment of non-core assets. We also undertook a series of restructuring exercises among which included business consolidation and the integration of Sing Tao Media into the Group to give the Group a clearer strategic focus and an enhanced platform upon which to further develop our core businesses. The Group's businesses are now organized into three key units: Media Ownership & Services, Human Capital Management and Broadband Content & Distribution. Within each business unit, new products and markets were developed, thereby opening up additional revenue opportunities. Moreover, we increased operational efficiencies through convergence--encouraging co-operation among our business units and across platforms where synergies were realizable. Leveraging on the successful business re-engineering exercises and rebound in overseas markets, the media operations managed to return to the black amidst global economic slowdown.

二零零二年是極富挑戰的一年，集團經受了「九一一事件」為世界各地經濟帶來的嚴重打擊。然而，集團憑藉著審慎的理財態度及專業精神，進行了一連串架構重整，成功克服重重困難，實現了為股東再增值的美好願望。與此同時，集團亦採取了一系列措施，努力在不同地區開拓各項業務的盈利空間，為集團長遠發展奠定了穩固的基礎。

過去的一年，本集團為了建立更加穩健的財務結構，逐步出售非核心資產，以應付經濟不景及日漸萎縮的廣告市場所帶來的種種挑戰。集團實施了多次業務架構重整，並將星島媒體納入泛華集團的框架之內，為集團長遠的發展策略勾畫出更加清晰的宏偉藍圖，並為集團的核心業務制定了明確的定位。重整後的核心業務主要包括：媒體出版及媒體服務、人力資本管理、寬頻內容與發行。本集團致力於在各個核心業務範疇內進行產品開發，積極開拓市場，努力為集團創造更大的盈利空間。此外，集團更積極推動各核心業務間的資源共享，使成本發揮最大效益。雖然全球經濟處於不景氣的環境中，但經過我們的努力，媒體業務已經轉虧為盈，為集團的長遠發展增添了信心與希望。

Statement

主席報告

I am also proud to tell you that the Group made significant progress in expanding our businesses in the People's Republic of China (the "PRC") while foreign enterprises are still restricted from fully participating in the media industry. We are the first, and still the only, foreign enterprise specially approved by the Central Administration of Press and Publishing to engage in nation-wide print media distribution in the PRC.

This invaluable opportunity not only gives us a first-mover advantage to establish a foothold in the print media distribution market but also provides us with a very useful platform to capture other media and media-related opportunities as and when the market opens.

Looking ahead, against the backdrop of further uncertainties posed by geopolitical tensions and the pneumonia viral outbreak, we believe 2003 will continue to be a challenging year. We shall continue to keep costs under control, to stress the importance of resources sharing while at the same time, to build an extensive portfolio of print and non-print media to meet the ever-growing demand for quality content within the global Chinese communities. I am confident that, with healthy financial position and a solid business foundation, the Group will be well-positioned to realize its vision.

Finally, I would like to thank my fellow directors, management and employees, and all the shareholders for their continuing dedication, effort and trusts throughout.

Sincerely,

Ho Tsu Kwok, Charles
Chairman

令人感到驕傲的是，本集團在致力成為全球華人社區多媒體內容供應商的目標上，取得了顯著的進展，我們已經取得中國新聞出版總署特別批准在中華人民共和國（中國）從事全國平面媒體發行業務的經營權。我們是首家，也是唯一一家獲得此經營權的外資企業。

此舉使我們得以在這個尚未對外開放的市場捷足先登，並佔有領先優勢，為日後集團拓展媒體相關業務奠定穩固的發展平台，也為我們開發國內業務創造無限商機。

展望未來，由於受到世界地區性政治不穩定因素及非典型肺炎全球蔓延所帶來的影響，本集團相信二零零三年仍然充滿挑戰。我們會繼續控制成本，充分發揮各業務間的資源共享，使傳統出版業務與多媒體業務有效結合，為市場提供優質資訊內容服務，以滿足市場需求。本人深信，憑藉著我們豐富的管理經驗及穩固的財政基礎，集團定能開拓新的商機，為實現我們的目標寫下新的篇章。

最後，本人謹向各位董事、管理層、所有員工以及股東們致以衷心謝意，衷心感謝大家的鼎力支持與不懈的努力，以及對本集團的信任。

主席

何柱國
謹啟