

CLEAR

clearly taking a leadership position



Letter to Shareholders

I am 55 this year and in my 43 years in business, I would say that 2003 was probably both the saddest and happiest year in my working life. It was sad because the Hong Kong economy was dealt a fierce blow by the unprecedented SARS epidemic; happy because Next Media staged a most impressive performance in Taiwan during the year.

In Hong Kong, our advertising revenue was drastically reduced as a result of SARS. This was, however, a short-term adversity. We recovered almost instantly once SARS disappeared. After all, the cornerstone that we have painstakingly built would not be easily destroyed. We upheld our reporting style in the versatile environment and stood firm in the market, thanks to our fierce commitment to seeking the truth.

To any enterprise, customers are most important. The success of a company depends on whether it can produce popular products targeting customers' needs. To Next Media, newspapers and magazines are our products, and readers are our customers. Only if we continuously strengthen our products, by providing readers with the information they want, can we satisfy their needs. Only when we have readers' support can we win the trust from advertising clients. This is simple reasoning.

Nine years ago when I founded *Apple Daily*, I kept thinking to myself: What kind of newspaper do readers really want? During the second year of operations, *Apply Daily* made its first profitable month since inception. What does this demonstrate? That *Apple Daily's* colourful page layout, vivid pictures, and its bold and robust reporting style are exactly what Hong Kong readers want. The emergence of *Apple Daily* has downright transformed the Hong Kong media culture and without doubt, established new standards for the Hong Kong media.

Taiwan Apple Daily made its debut in May last year. Patterned on Hong Kong's *Apple Daily*, the Taiwan version is mainly stocked with local news and information. In less than a year, its daily circulation shot through 400,000 and was the champion in the whole of Taiwan in terms of newsstand circulation. What does this demonstrate? That despite discrepancies in language and culture between Hong Kong and Taiwan, our readers have similar demands in news reporting. I am confident that *Taiwan Apple Daily* will continue the legacy of *Apple Daily* and generate profits for the Group and our shareholders in the future.

Looking at the year ahead, we shall continue to uphold our dedication to cost control in both Hong Kong and Taiwan. However, we shall not in any way sacrifice our content for the sake of cost-cutting. A rich content is our trademark and a competitive edge we swear to protect. Our business in Hong Kong has benefited from our economy of scale and enormous distribution network. As the economy recovers, our profit outlook will be even more promising.

In the year to come, the Taiwan arm of Next Media will enter a period of consolidation. With an invigorating start, the advertising revenue of *Taiwan Apple Daily* will surely increase. Staying close to the market, daring to be innovative, and offering value to customers are constants in the formula of success. We shall continue to expand our island-wide subscription network so as to broaden our market share and to further develop the support from our advertising clients with a steady circulation volume and wide readership.

Letter to Shareholders



Next Media owes its success in both Hong Kong and Taiwan to the effort of our diligent staff. I strongly believe publishing is a people business, and people are Next Media's most valuable asset. Without our quality staff, the *Sudden Weekly* and *Eat & Travel Weekly* bundle would not be able to maintain excellent performance amidst last year's difficulty. Without them, *Taiwan Next Magazine* would not be able to occupy the seat of the most popular Taiwan weekly and bring profits to the Group in a span of less than three years. Without them, *Taiwan Apple Daily* would not be one of the most popular newspapers in the whole of Taiwan. During last year's SARS outbreak in Taiwan, *Taiwan Next Magazine's* reporters risked their lives reporting from within a quarantined hospital to seek the truth that would have otherwise been unknown. I salute our staff for their dedication and professionalism.

Openness and freedom have become worldwide standards in the 21st century. The media are not tools of the ruling powers but are the people's servant. Next Media reports governmental malpractice solely because of our responsibility to our readers. We take exposing the truth and disseminating news that is closely related to our readers as our mission. Next Media is one of the few printing media groups that achieve success in two different geographical markets. The confidence I have with the Group should not be perceived as over-optimism — it is based on our brilliant track record.

I owe my most sincere thanks to our readers, advertising clients, and business partners, who have been standing by us throughout the years. I also owe my deepest gratitude to our staff, who have lived the spirit of Next Media to the fullest. I always say, there is no free lunch, and the courage to take on responsibility is the price to pay. I pledge to my fellow shareholders that the management and I will fight to maximize your returns and to be worthy of your continued trust.

Jimmy Lai

Chairman