

CHAIRMAN'S STATEMENT

主席報告書

陽光文化



Yang Lan Chairperson
楊瀾主席

With two years' effort behind us, Sun TV has developed into a young and dynamic media enterprise. To better reflect our position in the market, the company changed its name to "Sun Media Group Holdings Limited" ("Sun Media Group" or the "Group").

Financial year 2001/02 was the first full year of operation for Sun Media Group since our launch of Sun Satellite Television on August 8, 2000. For the year ended 31st March 2002, Sun Media Group's turnover was HK\$246.9 million, representing an increase of 156% against last year. The net loss was HK\$69.6 million, a substantial drop of 45% as compared with that of the previous year. The contribution from the media business was HK\$190.6 million, accounting for 77% of the Group's total turnover. The Group firstly recorded a gross profit about HK\$101.1 million. These achievements mark the Group's complete and successful transformation from formerly "Leung Kee Construction" to a media enterprise.

經過兩年多的努力，陽光文化已發展為一個年輕且富有朝氣的媒體企業。為了明確反映集團於市場之定位，公司於二零零二年五月改名為「陽光文化媒體集團有限公司」（「陽光文化媒體集團」或「集團」）。

二零零一/零二年之財務年度是陽光文化媒體集團自二零零零年八月八日開始營運陽光衛視後所經過的第一個完整營運年度。截至二零零二年三月三十一日止之年度，陽光文化媒體集團的銷售額為港幣 246,900,000 元，較上一年度上升 156%，虧損額為港幣 69,600,000 元，較上一年度減少 45%，而集團的媒體業務收入達到港幣 190,600,000 元，佔總銷售之 77%。集團更首次錄得溢利總額約港幣 101,100,000 元。這標誌著集團的業務成功地從以前“良記建築”轉型成為一個完全的媒體企業。



Since January 1, 2001 when Sun Satellite Television, a subsidiary of Sun Media Group, was granted a restricted downlink license in the PRC, Sun Satellite Television has achieved the following business accomplishments in just a year time :

- It was, in terms of revenue and audience size, ranked high in operation among all downlink satellite television operators who broadcast to the PRC market. This extraordinary result was achieved within the short period of time.
- It has successfully established a well-known brand with a loyal audience base, enjoying social acclaim as well as the wide support of opinion leaders and high spending consumers.
- It has established a leading position as a thematic content provider.
- Cost controls were persistently implemented in the different units within the Group by its brilliant management team.

Like other media enterprises, the Group faced a demanding time in the past year. The achievements thus denote the triumphs of the Group over the difficult operating environment. Performance highlights include:

- The adjustment of the macro-economy in the PRC adversely affected the revenues of major advertisers, in turn adding to the difficulties of non-mainstream media in marketing their advertising services. Additionally, as a new player in the market, Sun Media Group also had to resolve "teething problems" that arose as we continued to broaden our customer base and secure TV rating and viewers' loyalty.
- The direction of adjustments and development of television broadcasting policy in the PRC has been ambiguous. Our programme distribution sales were delayed as television broadcasters in different provinces were still setting up broadcasting groups and consolidating their cable and terrestrial TV networks. Our expansion was also hindered by the uncertain policy and timetable for the implementation of the unified platform for overseas satellite channels.

從二零零一年一月一日，陽光文化媒體集團旗下之陽光衛視被獲准在中國大陸有限制合法落地至今，在短短一年多的時間裏，陽光衛視在業務拓展方面取得了以下成績：

- 在銷售收入及接收用戶群方面，均在眾多境外衛星台於中國大陸營運表現中名列前茅，在短時間內取得較佳成果。
- 建立一個成功的品牌，擁有一批忠誠的觀眾群及獲得優良的社會美譽，為意見領袖與高消費人士所愛好。
- 建立在專題節目內容供應商方面的領先地位。
- 形成一支出色的管理及營運隊伍，在公司每個經營單位成本控制方面，作出了不懈的努力。

以上的成績，均是在克服了許多困難的前提下取得，在過去的一年中，與其他媒體公司一樣，集團的業務也經歷了很大的困難，具體表現如下：

- 國內的宏觀經濟環境調整造成主要廣告商營收能力下降，從而引致非主流媒體銷售廣告的困難度大大上升。對於陽光文化媒體集團這麼一個新生媒體而言，還面臨著用戶群要逐漸拓展，收視率及收視習慣要逐步穩定之過程所帶來的業務成長期的困難。
- 國內廣電政策在調整和發展方向上不甚明朗。一方面，各地廣電集團的組建與有線、無線電視的合併為集團的節目銷售帶來了時間上的拖延。另一方面，境外衛星中央平臺的政策宣佈與執行時間表示不明確，也造成了集團業務拓展上的困惑。

- The stagnant global financial market has also exerted pressure on the Group's stock price and financing costs. It is understood that the media success requires large and long-term investment. Without the financial support of an international consortium, at Sun Media Group we have had to secure financing all by ourselves. We would therefore like to express our sincere thanks to our shareholders for their understanding and support. Compared to the "Leung Kee" era, Sun Media Group has, with low liabilities and capital investment, succeeded in boosting assets over 70 times, while achieving optimum performance and scale.

Our plans for the coming financial year include:

- Leveraging the "Sun Media" brand, to acquire well-established and quality media enterprises to strengthen our foundations and position in the market. For a media enterprise to survive in an environment such as in the PRC, where restrictions are made on privately owned media groups, it must build up sufficient scale. To realize our mission, "to establish a socially responsible media enterprise that provides quality content", we need to expand the scale of our operations, delivering our brand, our products and services to end users through multiple channels. We consider the acquisition of an enterprise that boasts prominent brands, quality products, profitability, comprehensive sales channels and a professional management team to be viable as long as the earnings per share exceed or can compensate for the proportional dilution per share. Acquiring such enterprises will not only bring short term benefits to the Group, but will also help the Group consolidate cost structures in the long term, further enhancing cost effectiveness and maximizing the market share of products.
- Quickly increase the proportion of revenue from our fee-based businesses to reduce the Group's reliance on advertising revenues. The acquisition of Jingwen in April 2002 is the first step towards achieving this goal. The acquisition, which comes with a guaranteed values of sales between RMB180.0 million to RMB 200.0 million, allows the Group to lower the contribution of advertising revenue to about 50% of the total revenue.

- 世界金融市場的不景氣，也為集團股價及融資成本帶來了巨大的壓力。眾所周知，媒體是一個需要長期投資，並且需要規模性經營的產業。陽光文化媒體集團並沒有國際財團的資本支援，所以需要不斷地通過自身能力融資。故此，我們感謝廣大股東對此的理解與支援。畢竟，陽光文化媒體集團還是成功地在「小負債、低投資」的情況下，與「良記」時代相比，集團的資產上漲了70多倍，達到了優良與規模並存的境地。

展望未來的一個財務年度，我們有以下的計劃：

- 用「陽光」的品牌優勢，去收購其他較為成熟及優質的媒體產業，形成規模。在中國這樣一個民營傳媒尚受到限制的環境內，若媒體企業沒有規模，生存則較為困難。為了實現陽光文化媒體集團的理想～建立一個具社會責任感之內容供應文化企業，我們需要擴大規模，將我們的品牌、產品與服務通過多種形式來傳送到最終的用戶。收購擁有品牌、產品、盈利、銷售渠道及管理隊伍的企業，只要每股盈利貢獻大於或能抵消每股比例攤薄的因素，我們認為這些收購不但短期有貢獻，而且長期對整合成本，擴大效益及產品市場佔有率就更有幫助。
- 迅速地提高收費型收入在集團總收入的比例，以減輕整個集團對廣告收入的依賴。在這個方面，集團在今年四月份通過對京文的收購，已經成功地邁出了第一步。通過這次收購及其保證之人民幣180,000,000元至200,000,000元的銷售額，集團的廣告收入佔集團總收入將降低至約50%。



- Develop rapidly from a provider of single thematic programme content to a provider of diverse entertainment programmes that caters to mass audiences. Apart from a library of entertainment programmes from "Jingwen" and "Jet TV" through our acquisitions, the Group also signed a letter of intent to acquire Beida Huayi. Should the acquisition be finalized, the Group will then own "英氏影視", "華億影視" and the company's many branded products, which will enable us to net a yet larger mass audience.
 - Modify our strategy and develop from relying solely on income from the PRC market to expand income streams from overseas market riding on our overseas platform. Through the acquisition of "Jet TV" in April 2002, we successfully secured a stable income source and guaranteed profit from Taiwan and South East Asian markets. Furthermore, as our business continues to expand to North America and Australia, the Group will become a genuine leader in Chinese media around the world.
 - Following the entry to WTO, the PRC government committed to liberate the publishing market. Together with our strengths on content supply and sales channels, we will be able to build an excellent distribution network of audio-visual products in the PRC. The Group will be able to maintain a stable income source and further expand our operations. To further boost these operations, the Group is actively seeking opportunities to cooperate with leading local and overseas enterprises, with the aim of fostering the scale of our operations and enhancing our leading market position.
- To conclude, the Group commits to bring maximum benefits to our shareholders in the coming financial year. We believe,
- We have to improve our profitability on the one hand, and maximize shareholders' returns through investment and capital revenues on the other.
 - To further develop our content and distribution channels, brand and products, scale and effectiveness, human resources and policies, to achieve optimum performances, thereby building the strong foundations that will provide shareholders with systematic assurance of returns in the long term.
- 迅速地從單一主題節目供應商向兼顧大眾娛樂性節目供應商的方向發展。除了京文及衛星娛樂具有大批娛樂節目外，集團在今年六月份亦達成了對北大華億的收購意向，倘告成功，集團將擁有包括「英氏影視」、「華億影視」及其旗下的大批品牌產品，大舉聚集人氣。
 - 從單一依賴中國大陸的收入來源，發展為利用海外平臺擴大海外收入來源的策略。通過對今年四月，集團對衛星娛樂的收購，集團現已從臺灣及東南亞市場獲取穩定的收入來源與盈利保證，並將隨著業務向北美，澳洲的拓展而進一步擴大，成為真正全球華人的媒體。
 - 中國加入世貿後，中國政府承諾對出版發行市場的開放及集團在內容及已有渠道上優勢，形成國內領先的音像書籍分銷網絡，以建立穩定的收入來源，並可進一步擴大規模；在這方面，集團正積極籌劃與國內及國際領先企業合作，以迅速達到規模及領先地位。
- 總結，集團將在新的一个財務年度中，進一步為擴大股東利益而努力。我們認為：
- 集團一方面需要改善自身的營運的獲利能力，另一方面需要通過投資及資本收益來為股東帶來最大的回報。
 - 集團需要在內容與渠道，品牌與產品，規模與效益，人才與制度幾個方面均形成成熟的模式，而為股東的長期回報形成制度性的保障與堅實基礎。

CHAIRMAN'S STATEMENT

主席報告書

陽光文化

After assessing the overall market environment, we are of the view that the present moment is not the golden time for media development in the Greater China region. We believe all the favorable factors will come together in the next few years. With the positive attitude while waiting for emerging opportunities, our top priority is to "nurture our business and keep it in good health". To achieve these goals, we are working to reduce expenditure and to ensure the effective operation of each and every business unit. By acquiring leading enterprises in the different fields, we can expand our brand portfolio, accumulate professional expertise and experience, effect the expansion of our scale of operation, boost our resistance to negative market forces and further stimulate our ability to thrive.

All of us at Sun Media Group are committed to our mission to foster the development of Chinese culture, seeking the smooth integration of cultural ideals and business models. At the same time, we must adjust our pace of development, being flexible to adjust to the evolving environment. In only two years, we have succeeded in becoming a multi-media group owning the well-known "Sun TV", "Jingwen" and "Jet TV" brands together with many other branded products. In the years to come, we will continue this pursuit of excellence.

To all our shareholders, on behalf of everyone in the Sun Media Group, I would like to express my sincere gratitude for Yours truly, relentless support. Your continued support will be our motivation to move forward with confidence.

Yang Lan

Chairperson

Hong Kong, 22nd July, 2002

從大環境來看，大中華區媒體發展的最佳時機尚未到來，但預期將在今後數年中來臨。在「積極進取」與「面臨等待」並存的情況下，我們必須一方面保證「生存第一，健康第一」，堅決地降低開支，將每個經營單位健康化，而另一方面我們也要通過購併某些於行業內之領先企業，並以與自身有機發展相結合的方式積累品牌，積累人才，積累經驗，形成規模，從而形成抵抗力和生存能力。

陽光文化媒體集團的同事們有著文化的使命感，並立志把文化理想與商業模型結合在一起。與此同時，我們也必須靈活地根據不斷變化的時勢來調整步伐，這是個分步實施的過程。短短兩年，我們已成為一個擁有「陽光衛視」、「京文」、「JetTV」及其多種品牌產品的跨媒體集團，我們還將繼續努力。

親愛的股東朋友們，謹此代表陽光文化媒體集團的全體員工，衷心地感謝您一如既往對我們的支持。你們的支持，將成為我們繼續前進的原動力。

主席

楊瀾

香港，二零零二年七月二十二日