

Management Discussion and Analysis

管理層業務報告及分析

Financial Results Summary

For the financial year under review, the total turnover of Next Media and its subsidiaries (referred to as the "Group" or "our Group") was HK\$350,435,557, representing a 61.4% increase as compared with its total turnover in the last financial year. The Group's turnover from printing operations was HK\$186,203,747 or 53.1% of its total turnover for the year, as compared with HK\$148,552,063 in the last financial year. Turnover from the publishing division was HK\$157,542,102 or 45.0% of its total turnover for the year, as compared to HK\$67,421,563 in the last financial year. The Group also generated turnover of HK\$6,689,708 from Internet advertising, 1.9% of its total turnover for the year, as compared to HK\$1,197,599 in the last financial year.

The audited consolidated loss of the Group amounted to HK\$145,798,288 for the year ended 31st March, 2001, as compared to a loss of HK\$78,470,324 in the last financial year. The increase in loss was primarily due to the Group's Internet business. The printing division turned from a loss to a profit position, making a contribution of profit of HK\$19,028,106, as compared to a loss of HK\$37,075,929 in the last financial year. The publishing division benefited from a full-year's ownership of *Easy Finder* magazine, and hence achieved an increase in profit from HK\$19,816,638 to HK\$44,577,762, after charging HK\$9,447,316 pre-operating expenses in respect of our new Taiwan publishing operations.

Please also refer to note 3 to the Accounts regarding the impact of newly pronounced Hong Kong Statements of Standard Accounting Practice ("SSAPs") on the Group's financial statements. The Group's cash position would not be affected even if the Group had adopted the new SSAPs early. The Group considered that it is commercially appropriate and not technically incorrect to follow existing accounting policy of the Group in this regard.

財務業績總結

壹傳媒及其附屬公司（以下稱為「集團」或「本集團」）於截至二零零一年三月三十一日止財政年度之營業總額為350,435,557港元，較上財政年度增長達61.4%。與上財政年度的148,552,063港元比較，來自印刷業務的營業額為186,203,747港元，佔本年度營業總額的53.1%。與上財政年度的67,421,563港元比較，出版業務為集團帶來157,542,102港元之營業額，佔本年度營業總額的45.0%。與去年度的1,197,599港元比較，網上廣告業務則為本集團帶來6,689,708港元的營業進賬，共佔本年度營業總額的1.9%。

相對上財政年度的78,470,324港元的虧損，截至二零零一年三月三十一日止財政年度的經審核綜合虧損為145,798,288港元。虧損上升主要來自集團網上業務。集團的印刷業務在本財政年度轉虧為盈，與上財政年度的37,075,929港元的虧損比較，為集團帶來19,028,106港元的盈利收益。在出版業務方面，《壹本便利》為集團帶來全年度盈利，經扣除集團在台灣的出版業務上的9,447,316港元開辦費用後，集團的盈利由上年19,816,638港元增至本年度的44,577,762港元。

有關集團財務報告提及最新頒佈的香港會計實務準則（「會計準則」）對集團財務報表的影響，請參考賬目附註3。縱使集團提早採納最新的會計準則，集團的現金水平亦不會受影響。集團認為根據集團現有的會計準則，在商業及技術角度上是適當的。

This Year and Next

The year ended 31st March, 2001 was very eventful. Like other Internet-related companies world-wide, we were adversely affected by the collapse of confidence in on-line business which took place during the year under review. However, unlike many "dotcoms", we have a number of well-established "old economy" operations. These continued to achieve successful results. They give Next Media a solid foundation, and we intend to continue building on them during the year ahead.

Printing

Our printing business has reversed its three-year trend of losses, and made an admirable profit during the year under review. This marked a significant turnaround from the previous years, where the printing operations was operating at a loss, and was plagued with a number of overdue accounts.

Credit for this success is due to the tight management controls we put in place, and a wide-ranging restructuring process. Also we will not play down the significant contribution made by the three weekly magazines of Next International, namely *Next Magazine*, *Sudden Weekly* magazine and *Eat & Travel Weekly* magazine, whose business accounted for approximately 35% of the turnover from printing operations and contributed to a gross profit margin of 59%.

The commercial printing industry in Hong Kong remained very competitive in the past 12 months, and we have been competing mainly against the local operations of major international printing companies, which have considerable financial muscle. The Hong Kong economy continued to be sluggish in the wake of the economic downturn in 1997/98, and there was excess printing capacity available here.

「壹」年的回顧與發展

截至二零零一年三月三十一日止年度可說是多事之秋。與世界各地和互聯網相關的公司一樣，我們也因為市場對網上業務信心崩潰而遭受負面影響。不過，有別於許多網站公司，我們仍然擁有多項根基良好的「舊式經濟」業務，繼續取得令人滿意業績，使壹傳媒得以穩健發展。因此，在未來的一年裡，我們打算繼續拓展這些業務。

印刷

經歷過往三年虧損後，我們的印刷業務終於能夠轉虧為盈，在回顧年內賺得可觀溢利。回想數年前印刷業務，不但經營虧損，而且債台高築，如今卻能一舉扭轉頹勢，不能不說是一個重大轉捩點。

我們所以取得成功，乃在於實施了嚴格的管理監控及全面的重組行動。當然，來自壹傳媒國際旗下《壹週刊》、《忽然1周》和《飲食男女》的業務合同所帶來的業務與收入方面的重大增長，自然也功不可沒，其約佔我們印刷業務營業額的35%，惟該部份印刷業務之邊際利潤率約為59%。

過去十二個月以來，香港的商業印刷行業競爭依然非常劇烈，而我們的競爭對手，主要是財力雄厚的大型國際印刷公司的本地業務。至於本港經濟，自一九九七／九八年經濟放緩後，至今仍然表現呆滯，無甚起色，致使印刷業生產力出現過剩。



Furthermore, the current high values of the US and Hong Kong Dollars are discouraging overseas business, and strengthening the hands of our competitors in countries like Korea and Singapore.

However, we intend to maintain our strong emphasis on cost monitoring and efficiency. This encompasses a selective approach to securing new business, so that we ensure this business is both profitable and does not expose us to credit risks. Through this approach, and our ability to secure contracts from Next International, we believe our printing operation will remain profitable during the coming year.

再者，美元與港元匯價高企，使原來有意來港經營的海外客戶裹足不前，反而壯大了南韓和新加坡等地的競爭對手。

儘管如此，我們仍然以成本監控及運作效率為重點，包括有選擇性地收購新業務，確保這些新業務既有利可圖，又不致承受信貸風險。憑著這個選擇取向，加上能夠從壹傳媒國際取得業務合同，我們相信印刷業務在未來一年依然可以維持盈利。

Publishing

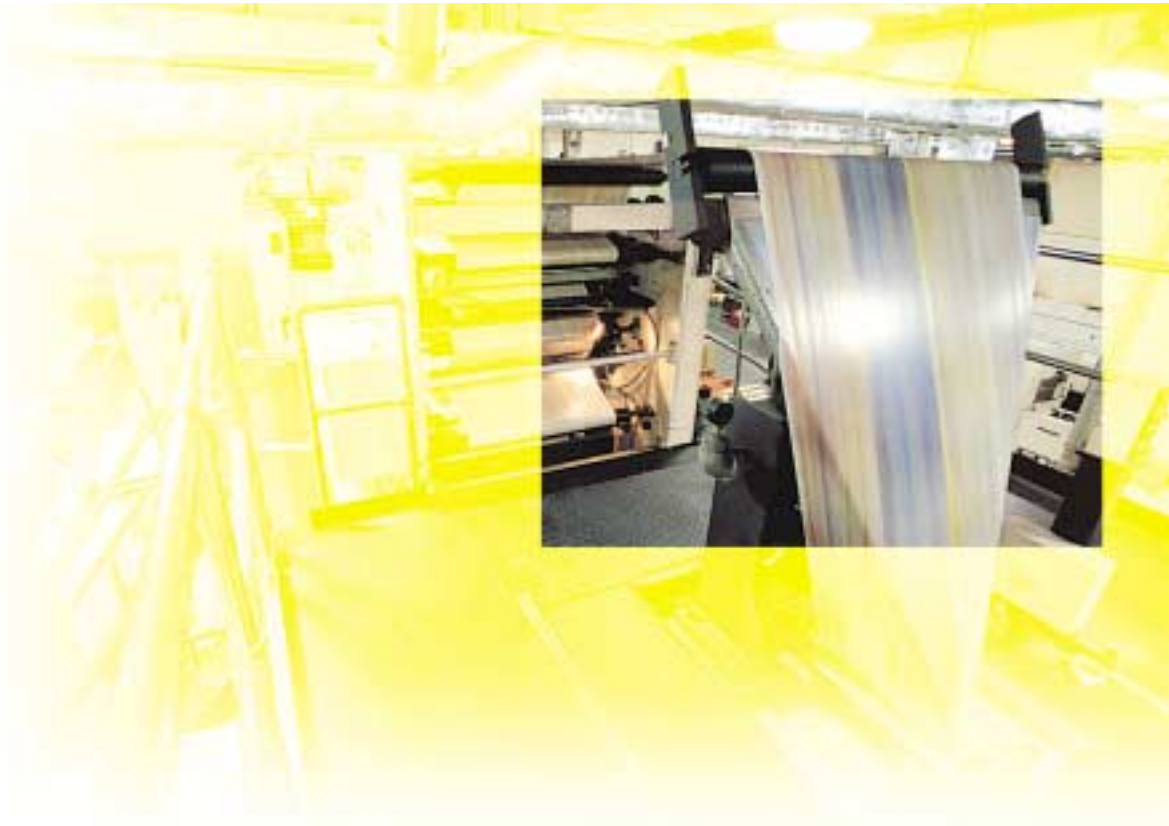
Since its acquisition from Next International on 20th October, 1999, *Easy Finder* magazine has been the Group's single biggest profit contributor. The year under review was no exception, even though we faced keen competition from several new or re-launched magazines targeting a similar market of 15-34-year-old readers as us.

Easy Finder magazine maintained its leadership position in the market for young readers, both in terms of circulation and advertising. As audited by the Hong Kong Audit Bureau of Circulations Limited, the average weekly circulation was around 105,950 copies for the six-month period ended 31st December, 2000. For the three months ended 28th February, 2001, *Easy Finder* magazine had an average readership of 330,000 and ranked third in terms of readership among all the weekly

出版

自我們在一九九九年十月二十日從壹傳媒國際成功購入《壹本便利》後，《壹本便利》一直是集團單一最大的溢利來源。儘管在回顧年度內陸續湧現多本與我們均以十五至三十四歲讀者為對象新面世或復刊的雜誌，從而造成強大競爭，但是情況亦無例外。

《壹本便利》無論在發行及廣告方面均能在以年青人為主的雜誌市場上保持領導地位，據香港出版銷數公證會的審核結果顯示，《壹本便利》在截至二零零零年十二月三十一日止六個月期間的每週平均發行量約為105,950本。於截至二零零一年二月二十八日止三個月期間，《壹本便利》的平均讀者人數達330,000人，在所有香港發行的週刊中排名第三（資料來源：AC Nielsen Hong





magazines circulated in Hong Kong, according to AC Nielsen Hong Kong. Advertising revenue was HK\$38,540,452 for the year ended 31st March, 2000, and HK\$91,721,872 for the year ended 31st March, 2001. Last year's advertising revenue was not fully reflected in the Group's results, since the Group did not acquire the publication until 20th October, 1999.

Easy Finder magazine has been a success ever since its launch in 1992. This is due to its lively layout and informative content, which appeal to both male and female readers. During the past year, the magazine introduced new sections containing a wide range of special offers to readers. It also organised events including beauty competitions and charity fund-raising activities to encourage participation and to foster a sense of

Kong)。截至二零零零年三月三十一日的廣告收入為38,540,452港元；而截至二零零一年三月三十一日的廣告收入為91,721,872港元。由於集團是在一九九九年十月二十日始向壹傳媒國際購入《壹本便利》，故此其廣告收益並未能完全反映在上財政年度的營業總額內。

由於《壹本便利》設計生動，題材豐富，能廣泛吸引男女讀者，因此自一九九二年面世以來一直備受歡迎。過去一年，該雜誌加入了數個嶄新環節，為讀者提供各式各樣的特別優惠，並且先後舉辦了選美、慈善籌款等活動，鼓勵讀者踴躍參加，培養對雜誌的「歸屬感」。壹本便利有限公司同時出版了多份工具特刊，包括《2001年新香港版地圖

"belonging" among the readers. Easy Finder Limited also published a number of reference books, including the *2001 Hong Kong Map*, *Primary School Entrance Guidebook 2001* and *DIY Home Decor Guide 2001*.

New magazine features, competitions, and integrated advertorial and marketing programmes for advertisers are all planned for the coming year, so as to maintain *Easy Finder* magazine's successful track record.

Encouraged by *Easy Finder* magazine's success, the Group is now considering other publishing opportunities to boost this sector of our business.

王》、《2001年小學入學天書》及《家居裝修天書》。

為延續成功業績，《壹本便利》在未來一年計劃添加不少嶄新特色和比賽，並且為廣告客戶提供綜合廣告及推廣計劃。

《壹本便利》的成功無疑起了鼓舞作用，本集團現正考慮其他出版機會，務求進一步擴大我們的出版業務。





Online Operations

Completion of the acquisition of ADOL in the earlier part of the year under review strengthened the web site content and increased the daily page views of the Group's on-line operations, atnext.com. However, market sentiment changed drastically, midway during the year under review. Despite the continued popularity of our portal among consumers, we had to switch the focus of our on-line business from expansion to consolidation. The major tasks have been to get our cost base under control and broaden our revenue streams.

A thorough restructuring process was undertaken, which resulted in the regrettable laying off of a number of editorial and web site staff. We closed

網上業務

在今個回顧年度的上半年，我們完成了蘋果日報網絡的收購，不但豐富了網站內容，更提高了網頁每日的瀏覽人次，為本集團的網上業務帶來裨益。不過，及至回顧年度中旬，市場情緒出現了重大變動，故即使我們的atnext.com入門網站依然備受客戶歡迎，暫時也不得不放棄網上業務原有的擴展計劃，將重點轉移至業務整固方面，因此，控制成本基礎及擴大收入來源便成為了我們的首要任務。

為進行透徹而全面的重組計劃，裁減編輯及網站人手實在迫不得已。我們現時已關閉數個生活網站，並暫停刊登新內容，好讓我們

or suspended the input of new content into a number of our lifestyle sites, and concentrated on the content of our five main publications, plus the most popular lifestyle sites.

During the year ended 31st March, 2001, the Group terminated a shareholders' agreement in relation to its investment in Igloo Finance Limited ("Igloo") in view of the unsatisfactory Internet market performance, which resulted in a loss of HK\$38.2 million.

We entered into a syndication licensing agreement for our online content with Wisers.com, one of the largest online Chinese content aggregators and technology enablers in the region. With a minimum income guaranteed under the terms of our contract, we now derive a stable portion of our online revenues from this source. We also outsource our advertising sales to DoubleClick.com, thereby taking advantage of its large, professional advertising sales capability.

We placed *Apple Racing* and *Next Magazine* on a subscription basis in October and November 2000 respectively; and since the end of the year under review, we have extended the subscription model for overseas users who wish to access other sites on the atnext.com portal. Although it is still too early to evaluate the results of this exercise, we believe the subscription model will create extra revenue without impacting our current income streams, and that it will also help to alleviate our losses.

We will continue to seek opportunities to further grow our revenue streams and are confident that this can be achieved without any major cash investment.

In summary, we believe that by maintaining close control on costs and continuing to exploit opportunities for revenue generation, our online operations will be substantially improved by the end of 2001.

能夠騰出人手，專注為五份主要刊物及其他更受歡迎的生活網站發掘題材。

由於集團網上業務在去年的表現未如理想，故於二零零一年三月三十一日止年度內決定終止就Igloo Finance Limited（「Igloo」）投資事宜而簽訂的一份股東協議，令集團錄得約38,200,000港元的虧損。

此外，我們亦與亞洲區最大型網上中文內容綜合兼技術供應商之一Wisers.com簽訂網上內容授權協議。根據合約條款，我們獲得最低收入保證，這項收入來源現時為我們帶來穩定的網上收入。至於廣告銷售方面，我們已將有關業務外判給DoubleClick.com，以期充分借助該公司實力雄厚、服務專業的廣告銷售隊伍擴展收入。

《蘋果馬網》及《壹週刊》分別在二零零零年十月及十一月間推出網上用戶訂閱計劃，及至回顧年度結束後，我們更進一步擴大了訂閱服務範圍到有意瀏覽入門網站atnext.com其他網站的海外用戶。雖然現在對推出訂閱服務作評估可謂言之尚早，但我們深信，訂閱服務可以在現有收入來源不受影響的情況下為我們帶來額外收入，並有助紓緩目前虧損的情況。

今後，我們仍然會積極物色商機，致力拓展收入來源，相信此一目標毋須涉及大筆現金投資。

總體而論，我們深信只要嚴格控制成本，不斷發掘賺取收入的機會，網上業務定能在二零零一年年底前有顯注改善。

Liquidity and Financial Resources

The Group financed its operations partly through cash flow from operations and partly through debt financing from bank facilities and shareholder's loans. As at 31st March, 2001, the Group had a long term loan facility from an international bank in the amount of HK\$102.8 million, which is secured by the Group's land and buildings.

The Group has breached the covenant in the facility agreement of the term loan facility that its consolidated profit for the year ended 31st March, 2001, will not be less than a specified amount. However, the Group has obtained a waiver from the bank, such that the term loan will continue to be granted and will not become wholly repayable in the next financial year.

Apart from the abovementioned term loan, as at 31st March, 2001, the Group had available banking facilities in the amount of HK\$31.6 million, which were secured by the Group's machinery and utilized to the extent of HK\$12.2 million.

Subsequent to the financial year end, the Group obtained an overdraft facility of HK\$60 million from a bank, which will expire on 30th November 2001. This facility is secured by a charge over machinery and a floating charge over certain accounts receivable of the Group. As at 30th June 2001, the Group had utilized HK\$20 million of this facility.

流動資金及財政資源

集團在日常運作提供的資金分別來自內部現金周轉及銀行和主要股東之借貸融資。截至二零零一年三月三十一日止，集團由一間國際銀行安排一項總值約102,800,000港元的長期借貸，並以集團旗下的土地及物業作擔保。

年內集團並未履行定期借貸協議內的條款，該條款要求集團截至二零零一年三月三十一日止的綜合盈利（在借貸協議內指定）將不少於一個特定的金額。但集團已獲得銀行豁免，將繼續獲發該定期借貸，並不需要在下年度全數歸還。

除以上提及的定期借貸外，截至二零零一年三月三十一日止，集團可用之銀行借貸總額為31,600,000港元，並以集團之機器作擔保，其中已使用部分約為12,200,000港元。

本財政年度結束後，集團在一間銀行獲得透支額60,000,000港元，貸款將於二零零一年十一月三十日到期歸還，並以集團之機器及集團某些應收帳項作擔保。至二零零一年六月三十日止，集團已動用是項貸款中的20,000,000港元。

As at 31st March, 2001, the Company had a shareholder's loan from Mr. Lai of HK\$215.8 million (in the principal amount of HK\$200 million together with accrued interest of HK\$15.8 million), which is unsecured. Mr. Lai has agreed not to demand repayment of this loan prior to 18th July, 2002.

The gearing ratio of the Group was 50.0% as at 31st March, 2001 calculated by dividing the long term liabilities (including current portion) by the total assets.

The Group intends to spend approximately HK\$150 million for two years on the introduction of Taiwan *Next Magazine*. The Group may also acquire existing publishing businesses and related Internet businesses in Taiwan or enter into joint ventures in relation to such businesses if a suitable opportunity arises.

Mr. Lai, the Company's controlling shareholder, has undertaken to provide financial support to the Group to fund its operations (including the planned expansion of operations in Taiwan), if the Group is not able to fund its operations by internal resources or third party financing.

Taking into consideration its present internal financial resources and available banking facilities and the undertaking from Mr. Lai to make further shareholder's loans to fund the operations, the Group will have sufficient resources to meet its working capital and capital expenditure requirements.

截至二零零一年三月三十一日止，集團向主要股東黎先生之貸款總額為約215,800,000港元（包括200,000,000港元之本金及應計利息約15,800,000港元）。此項貸款並沒有任何抵押擔保。黎先生承諾在二零零二年七月十八日前並不會要求集團歸還以上貸款。

截至二零零一年三月三十一日集團以總資產除以長期負債（包括現有債項）計算出的集團資本及負債比率為50.0%。

集團有意在兩年內投資約150,000,000港元以發展台灣《壹週刊》。集團有可能收購在台灣的現有出版業務及相關互聯網業務，或在適當時機下，與該類業務組成合資企業。

假如集團流動資金或第三者借貸不足以應付擴展計劃，本公司控股股東黎先生已承諾為集團提供財務支援，以支持集團運作（包括資助集團於台灣的業務發展）。

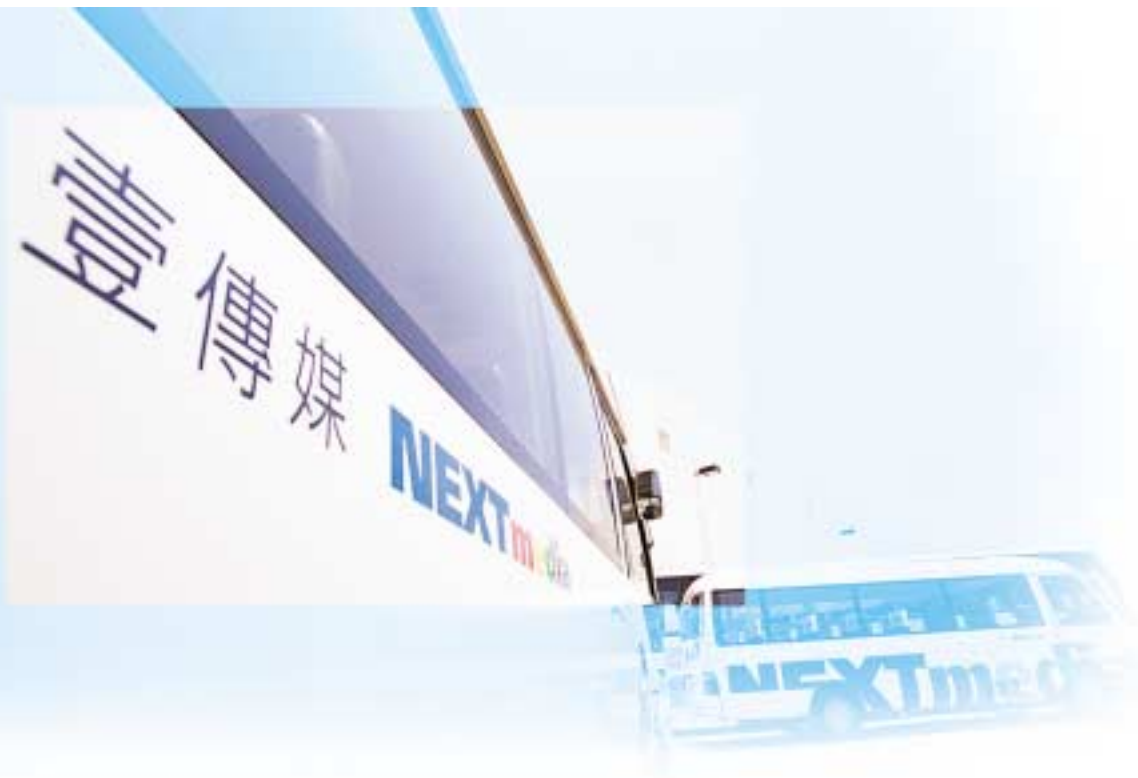
透過現有的內部財政資源、可用銀行借貸和黎先生已承諾的股東貸款以支持業務運作，集團將有充足財政資源以應付營運資金及經常性開支的需求。

The assets and liabilities of the Group are mainly denominated either in Hong Kong Dollars or New Taiwanese Dollars. The Group has extremely limited exposure to foreign exchange fluctuation. However, the Group will closely monitor the overall currency exposure and, when considered appropriate, the Group will hedge against currency exposure.

As at 31st March, 2001, the Group had no material contingent liabilities.

集團的資產及負債面值主要以港幣或新台幣列帳。集團絕少涉及外幣匯率波動。然而集團將嚴謹地監察整體貨幣價格，在適當情況下，集團將以對沖交易預防貨幣匯率波動。

截至二零零一年三月三十一日止，集團並無重大或然負債。



Looking Forward

Even though the launch of *Taiwan Next Magazine* took place following the end of the year under review, it was a milestone event in the Group's history. For the first time, we extended our publishing operations beyond Hong Kong and into exciting new territory with great potential.

Why Taiwan? Well, it has a population of 23 million Chinese speakers, more than three times the population of Hong Kong. In recent years, Taiwan has developed into a democratic society. As a result, its media now operate free of censorship and other official interference.

展望

《壹週刊》在今年五月底於台灣正式面世，雖然時間上已過了回顧年度，但卻是集團史上一個重大里程碑。這是我們首次打破地域界限，衝出香港，將我們的出版業務擴展至一個充滿發展潛力的新領域。

我們為甚麼要選擇台灣？當地人口達二仟三百萬，為香港人口三倍有多。近年台灣已發展成民主社會，傳媒運作毋須受到審查及其他官方干預。





Compared with Hong Kong, Taiwan's existing newspapers and magazines are relatively conservative in both their editorial style and content. They focus less on local issues which have a major impact on people's lives than the Hong Kong media.

We felt both the environment and the time were right to introduce the *Next-Magazine*-style of informative reporting in Taiwan. The enthusiastic response from readers in Taiwan has borne out our optimism. After a period of careful and thorough preparation since late last year, our Group's talented team of young Taiwanese journalists produced the first issue in May this year. At the time of writing, the first seven issues of this new magazine, with print runs ranging from 200,000-290,000 copies, have sold rapidly.

與本港傳媒對比，台灣現時的報刊無論在編採風格和內容方面均較保守，亦較少集中報導影響民生至大的本土問題。

我們感到現在是適當時間，於台灣引入《壹週刊》式的資訊性報導。台灣讀者反應熱烈，使我們倍感樂觀。自去年年底開始，經過長時間的細心、全面籌備後，我們在台灣傳媒界延聘的年青才俊終於製成了五月的創刊號。執筆撰寫本文時，首七冊印行量達200,000-290,000本，銷售尤為熱烈。



Establishing Taiwan *Next Magazine* as a successful advertising medium is taking time, because many major advertisers are waiting to see how the circulation figures stabilise before they commit themselves. There has also been an element of caution about our style of content and presentation. But with a circulation three times higher than any other weekly magazines on the island, we are confident Taiwan *Next Magazine* will prove popular with advertisers.

Over the coming months we will continue to fine-tune its content and improve the printing and distribution arrangements. In this way, we will firmly establish Taiwan *Next Magazine*, and at the same time create foundations which we can leverage for the launch or purchase of other publications for the Taiwan market.

台灣《壹週刊》若要成為普及的廣告媒介，尚需一段時間，原因是不少大型廣告客戶現時均採取觀望態度，要待發行量穩定後，才會正式刊登廣告。此外，對於我們的報導內容和行文風格，始終仍有一點保留。不過，台灣《壹週刊》的銷量較當地任何其他周刊銷量高出三倍以上，我們有信心這本雜誌最終會獲廣告客戶歡迎。

在未來數月裡，我們會繼續致力提升內容質素，改善印刷及發行安排，以期奠定《壹週刊》在台灣的穩固地位，同時也希望打好根基，準備日後在台灣市場再推出或購入其他新刊物。

The successful launch of Taiwan *Next Magazine* signifies Next Media's capability to take advantage of fresh opportunities wherever we feel they will benefit the Group and its shareholders.

In an announcement made in February 2001, the Company stated that we have been in discussion with Mr. Lai about the possible acquisition from him of certain print media businesses, which may include *Apple Daily*, *Next Magazine*, *Sudden Weekly* magazine and *Eat & Travel Weekly* magazine. An application for a new listing has been made to the Stock Exchange in relation to the acquisition, which is subject to the approval of the Listing Committee of the Stock Exchange.

The Company's strategic objective is to become a leading Chinese-language media company. With our expansion in Taiwan, we envisage this objective will strengthen our position and create more value for our shareholders.

台灣《壹週刊》的成功面世，足證壹傳媒銳意抓緊每個新湧現的機會，只要認為對本集團及各股東有利，我們定會竭盡所能爭取達到目標。

本公司曾於二零零一年二月間發表公佈，表示我們當時正與黎先生磋商收購《蘋果日報》、《壹週刊》、《忽然1周》及《飲食男女》等多項出版業務。現時，本公司已就上述收購事項，向聯交所提交新上市申請，有關申請仍然有待聯交所上市委員會批准作實。

本公司的策略目標，是要成為業內首屈一指的中文傳媒公司，因此，進軍台灣市場代表我們已成功跨前一大步，昂然邁向理想目標。我們深信，朝著這個目標進發有助鞏固我們的市場地位，並且為股東創造更高回報。