

Directors' Report

The directors hereby submit their annual report together with the audited accounts for the year ended 31st March, 2001.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

Particulars of the Group's principal subsidiaries and associated companies are set out in notes 33 and 17 to the Accounts respectively.

An analysis of the Group's turnover and contribution to operating loss for the year by principal activity and market is set out in note 4 to the Accounts.

RESULTS AND APPROPRIATIONS

The results for the year are set out in the consolidated profit and loss account on page 48 of the annual report.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 22 to the Accounts.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 24 to the Accounts.

DISTRIBUTABLE RESERVES

At 31st March, 2001, the Company had no distributable reserves, calculated under section 79B of the Hong Kong Companies Ordinance.

董事會報告

董事會謹此提呈截至二零零一年三月三十一日止年度之年報及經審核賬目。

主要業務及按地區的業務分析

本集團各主要附屬公司及聯營公司之詳情分別載於賬目附註 33 及 17。

本集團按主要業務及市場劃分之營業額及所佔經營虧損之分析載於賬目附註 4。

業績及分派

本年度業績載列於年報第 48 頁之綜合損益表。

董事會不建議派發股息。

股本

本公司股本之變動詳情載於賬目附註 22。

儲備

本集團及本公司於本年度之儲備變動詳情載於賬目附註 24。

可供分派儲備

本公司於二零零一年三月三十一日按香港公司條例第 79B 條計算並無可供分派之儲備。

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FIXED ASSETS

Details of the movements in fixed assets are set out in note 15 to the Accounts.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 107.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CONVERTIBLE NOTES

Details of the movements of convertible notes of the Company are set out in note 27 to the Accounts.

BANK AND OTHER BORROWINGS AND INTEREST CAPITALISED

Particulars of the Group's bank loans and other borrowings are set out in note 26 to the Accounts.

No interest was capitalised by the Group during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for approximately 27% of the Group's turnover and the five largest suppliers of the Group accounted for approximately 26% of the Group's total purchases for the year. The largest customer of the Group accounted for approximately 13% of the Group's turnover and the largest supplier of the Group accounted for approximately 10% of the Group's total purchases for the year.

固定資產

固定資產之變動詳情載於賬目附註 15。

五年財務概要

本集團過去五個財政年度之業績及資產與負債概要載於第 107 頁。

股份買賣或贖回

本公司於本年度並無贖回本身之股份，而本公司或各附屬公司於本年度亦無買賣本公司股份。

可換股票據

本公司可換股票據之變動詳情載於賬目附註 27。

銀行及其他借款及資本化之利息

本集團之銀行貸款及其他借款詳情載於賬目附註 26。

本集團於本年度並無將利息資本化。

主要客戶及供應商

本年度本集團與五大客戶之交易額佔本集團營業額約 27%，而五大供應商之交易額則佔本集團總採購額約 26%。本年度本集團與最大客戶之交易額佔本集團營業額約 13%，而最大供應商之交易額則佔本集團總採購額約 10%。

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Two of the five largest customers, which accounted for approximately 16% of the Group's turnover, are beneficially owned by a director of the Company.

Save as disclosed above, none of the directors, their associates or shareholders who to the knowledge of the directors own more than 5% of the Company's share capital, had an interest in any of the above mentioned suppliers and customers.

DIRECTORS

The directors during the year and up to the date of this report were:

Executive Directors:

Mr. Jimmy Lai Chee Ying (*Chairman*)
Mr. Andrew Chow On Kiu
Mr. Yeung Wai Hong
Mr. Stephen Ting Ka Yu
Mr. Peter Kok Hon Kay
Mr. Pieter Lodewijk Schats
(appointed on 10th November, 2000)
Mr. Otto Chan Chun Shing
(appointed on 10th November, 2000)
Mr. Morris Ho Kwok Fai
(resigned on 10th November, 2000)
Mr. Lim Tai Thong
(resigned on 10th November, 2000)

Independent Non-executive Directors:

Mr. V-nee Yeh
Mr. Gerald Hsu Chien-kuo
(appointed on 1st April, 2000)
Mr. Terry Fok Kwong Hang
(appointed on 21st June, 2000)
Mr. Ronald Lau Kin Hon
(resigned on 1st April, 2000)

五大客戶中其中兩位為本公司一董事實益持有之公司，有關交易額佔本集團營業額約 16%。

除上述外，各董事、彼等之聯繫人士或以董事所知擁有本公司股本超過 5% 之股東並無擁有本集團上述供應商或客戶之權益。

董事

本年度及截至本年報日期之董事如下：

執行董事：

黎智英先生（主席）
周安橋先生
楊懷康先生
丁家裕先生
郭漢基先生
Pieter Lodewijk Schats 先生
(於二零零零年十一月十日委任)
陳鎮成先生
(於二零零零年十一月十日委任)
何國輝先生
(於二零零零年十一月十日辭任)
林大同先生
(於二零零零年十一月十日辭任)

獨立非執行董事：

葉維義先生
徐建國先生
(於二零零零年四月一日委任)
霍廣行先生
(於二零零零年六月二十一日委任)
劉建漢先生
(於二零零零年四月一日辭任)

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In accordance with Articles 79, 84 and 86 of the Company's Articles of Association, Mr. Pieter Lodewijk Schats, Mr. Otto Chan Chun Shing and Mr. V-nee Yeh retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

Each of the existing Independent Non-executive Directors has been appointed for a fixed term to be expired on 31st March, 2003.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

CONNECTED TRANSACTIONS AND DIRECTORS' INTEREST IN CONTRACTS

Connected transactions

Transactions between the Group and the following parties during the year constitute both related party transactions under SSAP 20 and connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Mr. Lai

Next International and its fellow subsidiaries (collectively "Next Private Group")

ADL and its subsidiaries (collectively "Apple Daily Group")

AD Marketing Limited ("AD Marketing")

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根據本公司之組織章程細則第79、84及86條，Pieter Lodewijk Schats先生、陳鎮成先生及葉維義先生均須在本公司股東週年大會上告退，惟願膺選連任。

各現任獨立非執行董事之任期將於二零零三年三月三十一日屆滿。

董事之服務合約

所有擬於應屆股東週年大會上膺選連任之董事，概無與本集團訂立於一年內不作賠償（法定賠償除外）則不可終止之服務合約。

關連交易及董事於合約之權益

關連交易

本集團與下列人士於本年度進行之交易同時屬於會計準則第20條所指之關聯交易及聯交所證券上市規則（「上市規則」）所指之關連交易：

黎先生

壹傳媒國際及其附屬公司（合稱「壹傳媒私人集團」）

蘋果日報及其附屬公司（合稱「蘋果日報集團」）

蘋果速銷有限公司（「蘋果速銷」）

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Significant transactions with these parties during the year ended 31st March, 2001 are disclosed in note 32 to the Accounts. A waiver from strict compliance with the relevant requirements under Chapter 14 of the Listing Rules in relation to the following transactions has been granted by the Stock Exchange:

1. the provision of printing services for the printing of the *Next Magazine*, *Sudden Weekly* magazine and *Eat & Travel Weekly* magazine by the Group to Next Private Group. The aggregate printing fees payable to the Group by Next Private Group in respect of the provision of printing service by the Group should not exceed HK\$90 million for a financial year, and
2. the placing of advertisements by the Group in *Apple Daily*, *Next Magazine*, *Sudden Weekly* magazine and *Eat & Travel Weekly* magazine. The aggregate advertising fees payable by the Group to ADL and Next Private Group for placing of advertisements should not exceed HK\$25 million for a financial year.

During the year, press notices have been issued in compliance with the relevant requirements under Chapter 14 of the Listing Rules in relation to the following transactions:

1. The provision of printing services for the printing of various documents (excluding the printing of magazines under the waiver granted by the Stock Exchange) pursuant to four printing agreements dated 22nd September, 2000 entered into between Paramount Printing Company Limited ("PPCL"), one of the subsidiaries of the Company, and each of ADL, NMHL, AD Marketing and eZVan Limited, which are companies controlled by Mr. Lai, for a term of one year from 1st April,

與關連人士於二零零一年三月三十一日止年度進行之重大交易在賬目附註 32 予以披露。下列交易已獲得聯交所豁免嚴格遵守上市規則第 14 章之有關規定。

1. 由本集團向壹傳媒私人集團提供《壹週刊》、《忽然1周》及《飲食男女》的印刷服務。在一個財政年度內由壹傳媒私人集團就本集團提供之印刷服務而應付予本集團之印刷費用總額不應超過港幣90,000,000港元，及
2. 本集團在《蘋果日報》、《壹週刊》、《忽然1周》及《飲食男女》刊登廣告。在一個財政年度內，本集團應付予蘋果日報及壹傳媒私人集團的廣告刊登費用總額不應超過25,000,000 港元。

年內，本公司已遵照上市規則第14章之有關規定就以下交易刊發報章公報：

1. 根據本公司附屬公司百樂門印刷有限公司（「百樂門印刷」）於二零零零年九月二十二日分別與蘋果日報、NMHL、蘋果速銷及依時運有限公司（全部均為黎先生控制之公司）簽訂之四項印刷協議，以提供各類文件印刷之印刷服務（不包括聯交所授予豁免之雜誌印刷），由二零零零年四月一日起為期一年，預期協議期內之印刷費用總額不會超過10,000,000港元。截至二零零一年三月三十一日止年度，百樂門印刷所收取之印刷收入合共約為6,600,000港元。於年結日

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2000 with expected aggregate printing charges not exceeding HK\$10 million for the term of the agreement. The aggregate printing income received by PPCL amounted to approximately HK\$6.6 million for the year ended 31st March, 2001. Subsequent to the year end date, new printing agreements were entered into between PPCL and each of ADL and NMHL on 16th July, 2001 to replace the aforementioned agreements for the continued provision of the said printing services for a further period of one year from 1st April, 2001.

2. The procurement of the pre-production output and scanning services in respect of certain publications of the Group pursuant to 3 production agreements dated 23rd January, 2001 entered into between three subsidiaries of the Company, namely Easy Finder Limited, Easy Finder Marketing Limited and Next Media Interactive Limited, and Next Media Group Management Limited ("NMGML"), a company controlled by Mr. Lai, for a term of one year from 20th October, 2000 with expected charges for the contract period not exceeding HK\$4 million. The aggregate service fee paid by the Group to NMGML amounted to approximately HK\$3.1 million for the year ended 31st March, 2001.

The directors (including the independent non-executive directors) have reviewed all the connected transactions for the year ended 31st March, 2001 and confirmed that:

- (a) all the connected transactions were in the ordinary and usual course of business of the Group;

後，百樂門印刷於二零零一年七月十六日分別與蘋果日報及NMHL訂立新印刷協議以取替上述協議，由二零零一年四月一日起繼續提供上述印刷服務一年。

2. 根據本公司三家附屬公司壹本便利有限公司、壹本便利推廣有限公司及壹傳媒互動有限公司於二零零一年一月二十三日與壹傳媒集團管理有限公司（「壹傳媒管理」，黎先生控制之公司）分別訂立之三項製作協議，以提供製作前輸出及掃描服務，由二零零零年十月二十日起為期一年，預期合約期內收費不超過4,000,000港元。截至二零零一年三月三十一日止年度本集團向壹傳媒管理支付之服務費合共約為3,100,000港元。

董事（包括獨立非執行董事）已審閱截至二零零一年三月三十一日止年度所有關連交易並確認：

- (a) 所有關連交易皆屬本集團正常及一般進行之業務；

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- (b) all the connected transactions were on normal commercial terms or on terms no less favourable than terms available to (or from) independent third parties;
- (c) all the connected transactions were fair and reasonable so far as the shareholders of the Group are concerned; and
- (d) in respect of the connected transactions under the waiver obtained from the Stock Exchange, the requirements under the waiver have been complied with.

Directors' interests in contracts

Mr. Lai is interested in the transactions between the Group and himself, and those between the Group and the Next Private Group, Apple Daily Group and AD Marketing to the extent that he is a beneficial shareholder of Next International, ADL and AD Marketing.

Except for the above, no other contracts of significance in relation to the Group's businesses to which the Company, its holding company, its subsidiaries, its fellow subsidiaries or associated companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the period from 1st April, 2000 to the date of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors of the Company had any interest in any business which competes with the Group.

- (b) 所有關連交易皆按正常商業條款或不低於向（或由）獨立第三者提供的商業條款進行；
- (c) 所有關連交易對本集團股東皆為公平及合理；及
- (d) 就上述獲得聯交所豁免之交易，均符合聯交所豁免之要求。

董事於合約之權益

黎先生由於為壹傳媒國際、蘋果日報及蘋果速銷之實益股東，因此在本集團與其個人及本集團與壹傳媒私人集團、蘋果日報集團及蘋果速銷所進行之交易中擁有權益。

除上述者外，截至本年度結算日或二零零零年四月一日至本年報日期，本公司、本公司之控股公司、附屬公司、同集團附屬公司或聯營公司並無參與訂立與本集團業務有重大關係而本公司董事有直接或間接重大權益之其他合約。

董事於競爭性業務之權益

本公司各董事個人擁有權益的業務中，並沒有與本集團的業務存有競爭。

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DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

At 31st March, 2001, the interests of the directors and their associates in the securities of the Company and its associated corporations as recorded in the register maintained by the Company under section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or as notified to the Company were as follows:

(a) Interests in the ordinary shares of the Company

Directors	董事
Mr. Lai	黎先生
Mr. Andrew Chow On Kiu	周安橋先生
Mr. Yeung Wai Hong	楊懷康先生
Mr. Stephen Ting Ka Yu	丁家裕先生
Mr. Peter Kok Hon Kay	郭漢基先生
Mr. Pieter Lodewijk Schats	Pieter Lodewijk Schats 先生
Mr. Otto Chan Chun Shing	陳鎮成先生
Mr. V-nee Yeh	葉維義先生

Notes:

- (1) These shares are owned by Flagstone Assets Limited, Mr. Yeung is deemed to be interested in these shares by virtue of the 100% interest in Flagstone Assets Limited owned by himself and his family.
- (2) These shares are held by VP Special Situations I Limited ("VPSS") to which VP Private Equity Ltd. ("VPPE") is the fund manager. Mr. Yeh is deemed to be interested in these shares by virtue of the fact that he has more than one third of the voting rights in VPPE and a 0.486% attributable interest in VPSS.

董事於股份或債券之權益

於二零零一年三月三十一日，各董事及其聯繫人士所擁有本公司及聯營公司證券而記錄於本公司根據證券（公開權益）條例（「公開權益條例」）第29條所訂立登記冊內之權益，或知會本公司之有關權益如下：

(a) 本公司普通股之權益

Number of shares 股份數目				
Personal interests 個人權益	Corporate interests 公司權益	Other interests 其他權益	Total interests 合計權益	
1,749,237,123	–	–	1,749,237,123	
35,760,675	–	–	35,760,675	
15,000,000	61,400,528(1)	–	76,400,528	
10,225,127	–	–	10,225,127	
4,595,637	–	–	4,595,637	
2,250,000	–	–	2,250,000	
10,000,000	–	–	10,000,000	
–	–	130,000(2)	130,000	

附註：

- (1) 該等股份由 Flagstone Assets Limited 擁有，而楊先生及其家族由於擁有 Flagstone Assets Limited 全部權益而被視為擁有該等股份之權益。
- (2) 該等股份由 VP Special Situations I Limited（「VPSS」）擁有，而 VP Private Equity Ltd.（「VPPE」）為 VPSS 之基金經理。葉先生由於擁有 VPPE 超過三分之一投票權及 VPSS 之應佔權益 0.486%，因此被視為擁有該等股份之權益。

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(b) Interests in share options of the Company

A new share option scheme was adopted by the Company on 29th December, 2000 (the "2000 Share Option Scheme") under which eligible employees (including executive directors) of the Company or any of its subsidiaries may be granted options to subscribe for shares in the Company. The Scheme is to co-exist with the share option scheme adopted by the Company on 20th September, 1993 (the "1993 Share Option Scheme"). Any further options are to be granted under the 2000 Share Option Scheme and no further option will be granted under the 1993 Share Option Scheme. Details of the 1993 Share Option Scheme and the 2000 Share Option Scheme are set out in note 23 to the Accounts.

As at the date of this report, none of the existing directors has been granted any options under the 1993 Share Option Scheme and the 2000 Share Option Scheme.

Same as disclosed above, none of the directors or chief executive of the Company, or their associates, had any interest in the equity or debt securities of the Company or any associated corporation as defined in the SDI Ordinance as at 31st March, 2001.

(b) 本公司購股權之權益

本公司已於二零零零年十二月二十九日採納一項新購股權計劃（「二零零零年購股權計劃」），本公司或各附屬公司之合資格僱員（包括執行董事）可獲得購股權認購本公司之股份。該計劃與本公司於一九九三年九月二十日採納之購股權計劃（「一九九三年購股權計劃」）並存。任何新購股權將根據二零零零年購股權計劃授出，而不會根據一九九三年購股權計劃授出。有關一九九三年購股權計劃及二零零零年購股權計劃之詳情載於賬目附註 23。

於本報告日期，並無現任董事根據一九九三年購股權計劃及二零零零年購股權計劃獲得購股權。

除上文所披露者外，本公司各董事或主要行政人員或彼等之聯繫人士於二零零一年三月三十一日均無擁有本公司或任何聯營公司（定義見公開權益條例）之股本或債券權益。

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SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under section 16(1) of the SDI Ordinance shows that as at 31st March, 2001, the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital.

Name of shareholder	股東名稱
Mr. Lai	黎先生

Note: These represent the same lot of shares as disclosed under "personal interests" of Mr. Lai in the section headed "Interests in the ordinary shares of the Company" under "Directors' interests in equity or debt securities" above.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules.

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主要股東

根據公開權益條例第 16(1)條所設立之主要股東登記冊於二零零一年三月三十一日之記錄，本公司獲知會有以下主要股東權益（即擁有本公司已發行股本 10% 或以上）。

Number of ordinary shares	普通股數目
	1,749,237,123

附註：該批股份相等於上列「董事於股份或債券之權益」項目中「公司普通股之權益」中公佈屬於黎先生的「個人權益」的股份。

管理合約

本年度並無訂立或已訂立有關本集團全部或大部份業務之管理與行政之合約。

遵守上市規則最佳應用守則

本公司於整個年度均遵守上市規則之最佳應用守則。

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DISCLOSURE PURSUANT TO PRACTICE NOTE 19

The following disclosure is made by the Company in compliance with the continuing disclosure requirement under Practice note 19 of the Listing Rules.

As at 31st March, 2001, the Company has a term loan facility from an international bank (the "Bank") in the amount of HK\$102,800,000 (the "Facility") which imposes specific performance obligations on the controlling shareholder of the Company. The outstanding amount of the Facility is to be repaid in nine further installments with the last installment falling due in June 2003. It will constitute a breach of the terms of the Facility if (1) Mr. Lai either (a) ceases to be the beneficial owner, directly or indirectly, of a majority of the issued voting shares of each of the Company, Next International and NMHL, a wholly owned subsidiary of Next International, or (b) ceases to exercise management control of each of the Company, Next International and NMHL or (2) neither Next International nor Mr. Lai is on its or his own the beneficial owner (directly or indirectly) of at least 51% of the issued share capital of the Company.

AUDIT COMMITTEE

The current members of the audit committee are Mr. V-nee Yeh, Mr. Gerald Hsu Chien-kuo and Mr. Terry Fok Kwong Hang. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

SUBSEQUENT EVENTS

Details of significant post balance sheet events are set out in note 34 to the Accounts.

根據守則指引第 19 條之披露

本公司根據上市規則守則指引第 19 條之持續披露規定作出以下披露。

於二零零一年三月三十一日，本公司由一家國際銀行（「銀行」）給予之 102,800,000 港元有期貨款信貸（「信貸」），規定本公司控股股東須履行指定之責任。尚未償還之信貸須分九期償還，而最後一期須於二零零三年六月償還。倘若(1)黎先生(a)不再直接或間接實益擁有本公司、壹傳媒國際及 NMHL（壹傳媒國際之全資附屬公司）各公司大部份已發行有投票權股份；或(b)不再行使對本公司、壹傳媒國際及 NMHL 之控制權；或(2)壹傳媒國際或黎先生直接或間接實益擁有本公司已發行股本少於 51%，則屬於違反信貸之條款。

審核委員會

審核委員會之現任成員包括葉維義先生、徐建國先生及霍廣行先生。審核委員會之主要工作包括檢討及監督本集團之財務申報程序及內部監控措施。

結算日後事項

結算日後主要事項之詳情載於賬目附註 34。

Directors' Report

董事會報告

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Chow On Kiu, Andrew
Director

Hong Kong, 18th July, 2001

核數師

羅兵咸永道會計師事務所已完成審核本公司賬目，彼已任滿，並願意候聘續任。

代表董事會
董事
周安橋

香港，二零零一年七月十八日