



OPERATION STATEMENT

RESULTS

The Group recorded a turnover of HK\$1,998,094,000 for the year ended 31 March 2003, representing a decrease of approximately 10% over HK\$2,220,768,000 for the previous year. Before netting off the impairment in value and loss on disposal of plant and equipment and deficit on revaluation of the factory in Tai Po totally amounted to HK\$27,061,000, the profit of the Group amounted to HK\$367,247,000. The audited consolidated profit attributable to shareholders amounted to HK\$340,186,000 representing an increase of 12% over HK\$303,328,000 for the previous financial year. The increase in the Group's profit was mainly attributable to the effective cost control measures adopted by the Group coupled with the declining cost of newsprints.

DIVIDEND

The Board of Directors (the "Board") of the Company recommends a final dividend of HK 7 cents (2002: HK 7 cents) per share and a special dividend of HK 2 cents (2002 : Nil) per share for the year ended 31 March 2003, payable to the shareholders whose names appear on the Register of Members on 30 July 2003. Together with the interim dividend of HK 3 cents (2002: HK 3 cents) per share paid, the total dividend for the whole year amounts to HK 12 cents (2002: HK 10 cents) per share. The proposed final and special dividends will be payable on 5 August 2003.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 24 July 2003 to 30 July 2003, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the final and special dividends proposed, all transfers accompanied by relevant share certificates must be deposited at the Company's share registrar, Friendly Registrars Limited, at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration no later than 4:00 p.m. on 23 July 2003.

BUSINESS REVIEW AND OUTLOOK

"Oriental Daily News" has remained the best-selling newspaper in Hong Kong over the past 27 years and without exception. Through a traditional strategy of "continuous refreshment and re-building on its investments", "Oriental Daily News" has always committed to refining news quality in terms of layout design in order to keep ahead of



OPERATION STATEMENT

the requirements of its readers and advertisers. Fruitful result was gained. Over the past few years, a series of thorough reforms were carried out for enhancing its trendy, innovative and fashionable image. "Oriental Daily News" has built up a style of deep and thorough analyses from each and every prospective and easily understandable wording on top of a colourful layout design and a clear presentation. The overall substance and layout are optimised to a balanced level for enhancing the general quality. On this basis, "Oriental Daily News" has been leading far ahead of "Apple Daily", the second best-selling newspaper.

- **Actual Sales Volume** The circulation of "Oriental Daily News" had an actual daily average sales of over 478,703 copies during the period of May to October 2002, which is a 34% higher than the claimed daily average print-run (including wastage, complimentary copies and unsold copies) of "Apple Daily" during that period. On 20 November 2002, "Oriental Daily News" recorded an actual sales volume on a single day of 527,519 copies, representing an excess of 152,519 copies or more than 41% over the claimed print-run (including wastage, complimentary copies and unsold copies) of "Apple Daily" on that day. On 3 April 2003, the actual sales of "Oriental Daily News" on a single day reached 601,425 copies, which was well in the lead against "Apple Daily".

Actual sales volume of *Oriental Daily News*

	Actual sales volume of "Oriental Daily News" ①	Claimed print-run volume of "Apple Daily" ②	Unit (Copy) More by
Average sales volume ③	478,703	357,383	+34%
Single-day sales volume ④	527,519	375,000	+41%
Single-day sales volume ⑤	601,425	450,000	+34%

① The actual sales volume has been found by one of the "Big Four" international audit firms to be in agreement with the relevant sales documents provided by the Group.

② The print-run included wastage, complimentary copies and unsold copies.

③ For the period of May to October 2002.

④ For 20 November 2002.

⑤ For 3 April 2003



OPERATION STATEMENT

- **Readership** The readership of “Oriental Daily News” reached a historic record in the territory of over 3,111,813, outnumbering that of “Apple Daily” by over 800,000 or over 35%. According to the “Readership and Consumption Survey” conducted by Hong Kong Polling and Business Research Company during the period from 4 November to 17 November 2002, alike the world famous beverage brand of “Coca Cola”, the reader spectrum of “Oriental Daily News” spreads across all walks of life from well-established businessmen and entrepreneurs, professionals, managers to housewives and students. With its reader proportion for each spectrum outnumbering that of “Apple Daily”, the second ranking newspaper, by over 16% to 64%, *“Oriental Daily News” has proved itself to be “the newspaper of Hong Kong people”*. As also demonstrated by the relevant data, the readers of “Oriental Daily News” are mostly from the category of people with the highest monthly household income and the strongest purchasing power in our society. Most of these readers have preferences for commodities of better quality, and very strong investment desire. On this basis, “Oriental Daily News” has been generally recognised by advertisers as an effective advertising media which can create the greatest value in promotion of their products.

Readership of *Oriental Daily News*

	Unit (Reader)		
	“Oriental Daily News”	“Apple Daily”	More by
Readership	3,111,813	2,307,034	+35.0%
Well-established businessmen and entrepreneurs	77,497	47,691	+62.5%
Social elites	357,680	304,028	+17.6%
High spending power readers	152,014	86,439	+75.9%
Housewives	318,931	193,743	+64.6%
Students	220,569	184,801	+19.4%



OPERATION STATEMENT

“The Sun” maintains its strong position as the third best-selling newspaper in Hong Kong. Stepping into a short history of 4 years, “The Sun” has already drawn a large number of young readers and emerged as “a newspaper for the young generation”. In addition to refreshing the layout design of the sections like Local News, Finance, Entertainment, Sports and Horse Racing, contents were also strengthened to meet the preferences of the young readers. Furthermore, to cater for readers who are in pursuit of lifestyles, “The Sun” has also enriched its contents by incorporating the information about automobiles, education, campus life, computer technologies, life styles, trendy fashions, delicious food, entertainments and traveling into the Features Section. To fully reflect its distinctive, young, vivid and energetic style, dedicated sections of “Chiu Yeung”(“朝陽”) and “Ming Yue”(“名娛”) have been specifically designed for male and female readers. In the short run, “The Sun” is making great leaps towards its goal of being the second best-selling newspaper in Hong Kong in the light of the present development and progress.

- **Actual Sales Volume** The circulation of “The Sun” had an actual daily sales volume of up to 200,000 copies on a single day in September 2002, surpassing the total sum of the individual sales of the fourth, fifth and sixth best-selling newspapers. On 3 April 2003, “The Sun” has achieved a record of an actual sales volume on a single day of over 230,000 copies.

Actual sales volume of **THE SUN**

	Unit (Copy)
September 2002 (single-day maximum)	> 200,000
April 2003 (single-day maximum)	> 230,000

The actual sales volume has been found by one of the “Big Four” international audit firms to be in agreement with the relevant sales documents provided by the Group.

- **Readership** According to a survey conducted by Hong Kong Polling and Business Research Company in December 2002, the readership of “The Sun” has exceeded 1,000,000. Out of this readership, readers from the young and energetic category, who are energetic, progressive and highly adaptable to new trends and novelties, have made up the largest share. As evidenced by its student readership base, “The Sun” is heading towards its stated goal of absorbing a regular readership of secondary, tertiary and university students, and retaining this up and coming generation of our society as the pillar of its reader base at a full gear. “The Sun” has also drawn middle-class readers who



OPERATION STATEMENT

are economically stable, highly educated and career minded. These readers have strong spending power and are particularly alert of fashionable trends. “The Sun” has long been widely used by many advertisers as a promotion media. Moreover, in response to the present economic environment, “The Sun” has created the greatest value for the advertisers by tailoring advertising services within their promotional budgets and at affordable rates which are lower than those of the top and second best-selling newspapers.

Readership of **THE SUN**

	Unit (Reader)
Readership	1,039,528
Energetic category	540,367
Elite category	119,264
Students	213,936
Housewives	195,505

“The Sun Racing Journal” has, as a renowned and reputable player in the horse racing publications industry, retained a broad base of loyal horse racing fans. During the year, “The Sun Racing Journal” has sustained its professional standards by adhering to its traditional commitment of providing accurate information and reliable forecast, which are cherished by lots of fans. Over years of devoted efforts and comprehensive data collection, “The Sun Racing Journal” has established a very extensive racing database, which is one of the most valuable assets of the Group.

“orisun.com”, the flag-ship portal of the Group, currently reports a daily average pageview of nearly 9 million upon restructuring during the year. Moreover, our newly-launched websites - “Oriental Daily News © Paper” and “The Sun © Paper” have received overwhelming responses from on-line readers since their introduction, as demonstrated by the ever-increasing pageviews. Through our promotional subscription-free electronic papers, more and more local and overseas readers are attracted to enjoy the fun of reading the traditional printed editions in their entirety on Internet, and more and more on-line readers have then subscribed our on-line news services. “orisun.com” is making great steps towards consolidating the electronic form as a popularized on-line news media for providing vivid instead of plain on-line news information. “orisun.com” is also actively expanding into a more diversified range of on-line subscriber-based services, extending from content sales to different forms of on-line advertisements and customized on-line services for advertisers. With this all-



OPERATION STATEMENT

in-one service coverage, the Group is expected to generate a higher income contribution.

ORISUN.COM

Maximum daily pageviews during the year

(1 November 2002)

Unit (Pageview)

“Oriental Daily News Web”	4,546,377
“The Sun Web”	2,982,243
“Oriental Daily News ©Paper” and “The Sun ©Paper”	1,443,530
Others	903,401
Total	9,875,551

“Oriental Daily News Charitable Fund” has accumulated donations from a total of 530,214 people over 18 years from its establishment. The aggregate donations amounted to \$352,833,065. A total allocation of \$346,117,890 was made in nearly 14,071 cases and 410,752 people were benefited.

Oriental Daily News Charitable Fund

Year of Establishment: 1985

Number of donors over the years:	530,214
Total donations over the years:	\$352,833,065
Number of people benefited over the years:	410,752
Total allocations over the years:	\$346,117,890

“The Sun Charitable Fund” was established in 1999. Over the years, the fund has accumulated donations from a total of 18,641 people. The aggregate donations amounted to \$9,912,238. A total allocation of \$7,975,276 was made and a total of 11,422 people were benefited.

THE SUN CHARITABLE FUND

Year of Establishment: 1999

Number of donors over the years:	18,641
Total donations over the years:	\$9,912,238
Number of people benefited over the years:	11,422
Total allocations over the years:	\$7,975,276



OPERATION STATEMENT

In line with its dedication towards charity activities, the Group has displayed unlimited support to the “Oriental Daily News Charitable Fund “ and “ The Sun Charitable Fund” by, inter alia, providing all administrative fees, seeking for more volunteer workers, regularly reporting the relevant cases and charity activities in their specific sections, raising donations, and promoting smooth operation of the two Funds.

Business Prospect Over the past few years, the operating atmosphere in Hong Kong has remained tough for most enterprises. Meanwhile, in addition to the setbacks caused by the prevailing economic adversity, the rapidly changing operating environment has also brought greater challenges for the Group. On 23 June 1999, “Oriental Daily News” published a number of articles commenting on the judiciary and our ex-chief editor was sentenced to imprisonment. Yet, in consistent with our iron principle of unshakable bravery to voice out inequality, the Group’s publications have always dedicated to the mission of sharing ups and downs with the general public. And with the support of the citizens and our readers, the Group continue to post a remarkable growth. To commemorate the day of 23 June, that day is memorized as “Journalist Day” to lift up the morale of all the Group’s staff. Tackle each and every challenge is the only crucial key towards success for running local media industry.

Though Hong Kong is still under a persisting uncertain operating prospect, yet the Group has always adhered itself towards a philosophy of “perpetual development and re-investments” with a view to further diversifying its local investment portfolio and enhancing its service quality for the citizens, readers and shareholders. In an era of rapid scientific advancements and global information blooms, players engaging in the communication and media industry have committed themselves to continuous self-upgrading in order to keep abreast of the prevailing trends. To accommodate the future development, additional equipment and hi-tech operating procedures have been introduced by the Group. In addition, the Group will move to its new head office in Tai Po in the fourth quarter of 2004. Since the introduction of “Oriental Daily News” in 1969, this is the fourth time that the Group has sought for expansion relocation, marking another milestone for the Group in taking great leaps towards the fourth development stage. The Group’s new head office will integrate the existing Kowloon Bay head office, the present printing factory in Tai Po and the one in Yuen Long at dispersed locations. At present, about 15% of the construction works has been completed for the new factory in Tai Po, and the whole factory building is scheduled to be completed in the first quarter of 2004. From the mid 2004, the Group will be relocated to the new head office on a phase-by-phase basis. As the Group will no longer rent the printing factory in Yuen Long, it is estimated that a substantial amount



OPERATION STATEMENT

of annual rental expense will be saved. Moreover, some third parties are approaching the Group for the possibility of purchasing the present printing factory in Tai Po. Depending on the market situation at the time, the Group may decide to let out or dispose of the existing head office in Kowloon Bay, or may consider changing its usage to a three-star hotel designated for hosting tourists from the mainland in order to explore into a more diversified investment portfolio and a broader earning base of the Group.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital as at 31 March 2003 increased by 5.8% to HK\$1,456,255,000 (31 March 2002: HK\$1,376,867,000), mainly on account of profit attributable to shareholders for the year. The Group's bank and cash balances amounted to HK\$1,378,418,000 at the year end date, a 8.2% increase as compared to HK\$1,274,154,000 at the beginning of the year.

As at 31 March 2003, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 2.3% (2002: 5.1%).

During the year, the Group's capital expenditure was approximately HK\$139,067,000.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2003, the Group employed 2,549 employees. Remuneration for employees including medical benefits is determined based on industry practice, the performance and working experience of the employees, and the current market conditions. The Group has implemented a training scheme to groom a new generation of journalists.

EXPOSURE TO FOREIGN EXCHANGE

The revenue of the Group is mainly denominated in Hong Kong Dollars and the production cost is denominated in US and HK Dollars. Therefore the Group is not exposed to any foreign currency exchange risk provided Hong Kong's pegged exchange rate system remains unchanged.



ORIENTAL PRESS GROUP LTD

OPERATION STATEMENT

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

On behalf of the Board
Shun-choi LAM
Director

12 June 2003