

# CHAIRMAN'S REPORT

Tan Sri Datuk  
TIONG Hiew King  
*Chairman*



On behalf of the Board, I have the pleasure to present the Annual Report of Ming Pao Enterprise Corporation Limited and its subsidiaries ("the Group") for the year ended 31st March 2003.

## BUSINESS REVIEW

The Group has had a challenging and successful year. Challenging because of the continued global economic weakening during the year which adversely affected our publication and tour businesses. Successful as reflected by our ability to prevail against the adversity and achieve a better operating result than last year. While the Group's turnover for the year of HK\$1.1 billion was only marginally higher than that of last year, its bottom-line improved from last year's HK\$3.9 million loss to this year's HK\$31.3 million profit. This decent result is attributed to strong management with innovation and capabilities of achieving high productivity and efficiency.

The weak and uncertain local economy has resulted in advertisers tightening their advertising budgets and resorting to aggressive new marketing initiatives to promote their products. To be competitive, more value-added services and innovative packages have to be provided to meet our advertisers' changing marketing needs. Our comprehensive tailor-made packages to our customers are well accepted and unparalleled.

## Chairman's Report (Cont'd)

As usual and consistently, Ming Pao Daily News upholds its principle of maintaining high journalistic standards in its address of social, political and business issues in both local and international arenas and continues to provide our readers with authoritative news and analyses. Recently, the Daily's quick response and comprehensive reports on the events surrounding the Iraq war and the Severe Acute Respiratory Syndrome ("SARS") epidemic were lauded by the readers.

Considerable efforts have been exerted into enriching the Daily's education section during the year so that more news and useful information are now provided to the students, as well as to their parents and teachers. In addition, a series of new books have been published with the aim to provide and equip the students with relevant and comprehensive information for their local and overseas studies. Recent publications like "HKCEE Guidebook" and "Promotion to Secondary Schools Guidebook" are well received by the public. In February 2003, we saw the revamp of a "brand new" Sunday Ming Pao with the addition of a number of new features and columns. The responses from our readers for these changes are very positive and indeed encouraging.

Ming Pao Daily News recorded a three-fold increase in operating profit this year. Apart from the acclaimed editorial content and aggressive marketing strategies, this year's good result is also leveraging on the declining newsprint costs and the efficient cost controls exercised on all operating units during the year.

The Daily's two Canadian Editions also performed very well during the year under review. Their combined turnover recorded a 7% increase while their operating profit was up by a hefty 83%. The New York Edition also showed substantial improvement and delivered an operating result that was better than the management's expectation.

The Group's ground-breaking project of establishing Ming Man Publications in early 2002 which publishes books for aspiring and potential writers has proved to be a successful new venture. We are encouraged by the project's popularity and its positive contributions towards the Group's operating results.

To maintain our continuous circulation growth, understanding and close relationships with our readers have always been the Group's priorities. In order to fulfill readers' needs and perspectives, extensive surveys on focus groups have been carried out to find out their opinions on the content of the Group's publications and areas for improvement. Continuous changes will be made to reflect the readers' tastes, needs and preferences.

Ming Pao Daily News is recognised once again by well-known media organisations for its journalistic excellence. It is again accredited with a number of prestigious media awards during the year, among which are: ten awards given by The Society of Publishers in Asia (SOPA) in its recent 2003 Awards for Editorial Excellence, including the awards in the Chinese Language Media category of "Excellence in Newspapers", "Excellence in Reporting" and "Excellence in Business Reporting; ten awards from The Newspaper Society of Hong Kong and ten awards in the Eighth Annual Human Rights Press Awards. We take immense pride when our efforts and hard work are acknowledged and accredited by these organisations.

## Chairman's Report (Cont'd)

The Group's tour operations in Hong Kong and in North America under Charming Holidays and the Delta Group respectively have shown major improvement in their financial performance, much of which can be attributed to the companies' strategic moves towards providing more diversified and competitive tour packages and ticketing services. However, their businesses came to a sudden downturn in March 2003 when the Iraq war broke out, and Charming's business suffered a further setback by the later outbreak of SARS in Hong Kong.

Mingpao.com, the Group's Internet flagship, was further consolidated during the year, paving the way for a more cost-effective operation mode. The number of its unique users has healthily surged to more than 4 million per month. In February 2003, it successfully launched a subscription program for the company's news archive. Back issues of Ming Pao Daily News from 1998 are now available on the company's website. By the end of June 2003, the number of subscribers has exceeded 2,500, with over 75% registering for the full year's news archive membership. With continuing technology improvements and acceptances in e-technology, Mingpao.com is poised to expand its e-commerce businesses and portal development services. The company is on track to break even by the end of 2003 which is within the management's expectation.

During the year, the Group has continued its commitment to help the less fortunate in our society by participating in various community affairs, including the recent "Project Blossom", a fundraising campaign which seeks to establish an educational fund aim at providing immediate financial assistance to the children victimised by the recent SARS epidemic. The project is a joint effort campaign with the Hong Kong Performing Artistes Guild ("HKPAG"). Various fundraising events have been held including the ground-breaking All-Stars Concert on 24th May 2003. The campaign met with enthusiastic response from the public - pledges and contributions totalling over HK\$13 million have been received up to 30th June 2003. I would like to extend my sincere appreciation to HKPAG for its professionalism, dedication and ingenuity in conducting the campaign, as well as to all the donors, hospital employees, volunteers, businesses and media partners who all made the campaign a huge success.

On 15th January 2003, the Company obtained a consent judgment against King Corporation Limited ("KCL") (formerly known as CIM Company Limited) for the enforcement of the indemnity given by KCL for the repayment of a loan of approximately HK\$186 million. KCL was later ordered to be wound up by the Court on 26th March 2003. The Company has filed a Proof of Debt in the liquidation of KCL and is exploring the possibility of taking further actions to recover the debt.

## Chairman's Report [\(Cont'd\)](#)

### OUTLOOK

Hong Kong has been hard hit by SARS in recent months, retail and tour businesses have virtually come to a standstill. Fortunately, signs of improvement are evident in all sectors of businesses of late and it is expected that a moderate but steady rise in consumer spending will resume. Despite this, the Group believes that it will continue to face the challenges of the uncertain economic climate in the months ahead. Nevertheless, the Group has a sound financial position and is well placed to respond when the market picks up. At the same time, we will continue to focus on operational efficiency and organisational effectiveness and to explore new investment opportunities.

### APPRECIATION

The pace of change in media business is ever accelerating. The Group needs to cope with these changes and, as ever, is reliant on the hard work and creativity of our people. This year's good result would not have been possible without the dedication of our staff and I would like to thank them, on behalf of the Board of Directors, for their contribution. I would also like to extend my sincere appreciation to our readers, advertisers, customers and suppliers for their continuous support throughout the year.

**Tan Sri Datuk TIONG Hiew King**

*Chairman*

Hong Kong, 4th July 2003