

Review of Operations and Outlook



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RESULTS SUMMARY

During the year under review, in spite of the persistent sluggish economic conditions and deflation pressure, the Group was able to achieve an overall performance that was much better than last year's. The Group's audited consolidated turnover for the year ended 31st March 2003 was HK\$1,090,537,000, representing an increase of 4% over that of last year. Profit attributable to shareholders for the year amounted to HK\$31,258,000, a marked contrast to last year's loss of HK\$3,932,000. The current year's earnings per share was HK8 cents while the year 2001-2002 reported a loss per share of HK1 cent.

NEWSPAPERS

Ming Pao Daily News

Advertising revenues for the year of Ming Pao Daily News was about the same level as that of last year, nevertheless, an increase in the number of advertising pages was recorded mainly attributed to the growth in advertisements from the education sector. Regarding its editorial content, Ming Pao Daily News has been innovative in revamping the newspaper's design and layout and in enriching the editorial content. The changes were well received by the readers and helped boosting the Daily's circulation sales during the year. Supported by effective cost controls and lower newsprint prices, the Daily achieved a satisfactory overall operating result for the year.

In March 2003, there was an outbreak of an unprecedented illness, Severe Acute Respiratory Syndrome ("SARS"), in Hong Kong. Ming Pao Daily News was among the first local newspapers to give a detailed and in-depth report on the incident.

Sunday Ming Pao expanded its life-style column from 8 to 20 pages, in which elements on entertainment, leisure and parenting were added to the content. In addition, Sunday Ming Pao co-organised promotional activities with shopping arcades in which purchasing privileges were offered to the Daily's readers.

The Daily's China Desk has been closely following the latest political and economic developments in the Mainland China. Several special reports like "New Leadership in China", "Merging of the Pearl River Delta" and "The Emerging Yangtze River Delta" were published during the year, containing in-depth coverage on the latest update of events in the Mainland China.

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The International Desk produced detailed reports and analyses on the Iraq war, two extra editions were published within the first four hours when the war broke out.

The feature column on the Financial Desk focuses on practical financial planning and provides readers with information and analyses regarding the subject. During the year, this column was awarded with two honors in the News on Consumer Rights Reporting Awards by the Consumer Council.

The Sports Desk delivered comprehensive coverage of news on the two big world sports events: the World Cup and the Asian Games. The "No. 8's Inside Stories" column presents sports news in a light and humorous style, whereas "The Sports Discovery" column provides readers with the latest sports related technological information.

The "Super-Star Interviews" column of the Entertainment Desk and its reports on interviews from new perspectives with various artistes under the "Talented Stars" column add more color of the contemporary culture and lifestyle to the section.

The Daily's recruitment classified section "JUMP" seeks for changes unceasingly. Besides the general recruitment advertisement services, the section also provides the latest news and information on job hunting and career enhancement for its young readers who are now faced with a more knowledge demanding economic environment.

The Daily's Saturday free supplement, the NT Edition, continues to bring news and information of the local communities and other cultural and recreational activities and to provide advertising services. In addition, it goes with the flow of the Daily's strategy in expanding commercial advertisements, such as those on property markets in the New Territories and the Mainland China, travel industry, etc., which opened up new business opportunities for the Daily.

In the coming year, Ming Pao Daily News will stand fast on its principles and devotion in reportage, keep pace with the marketing changes and extend its circulation network. Strategic mutual beneficial advertising packages will be introduced, so as to captivate more potential advertisers and expand the Daily's advertising income.

Overseas Editions of Ming Pao Daily News

During the year under review, the financial performance of the overseas editions of Ming Pao Daily News was satisfactory.

From mid March of 2003, SARS erupted in Hong Kong and the Mainland China before spreading to Toronto in Canada and at about the same time, US declared war on Iraq. These two incidents boosted up the circulation sales of the overseas editions, with the highest growth recorded for both the Toronto Edition and the New York Edition. The Vancouver Edition's circulation also showed a steady growth during the year under review.

Toronto was the hardest hit city by the SARS epidemic in North America. Local businesses operated by Chinese citizens like catering, retail, tourism, etc. were adversely affected. Although the impact on the advertising income of the Toronto Edition is yet to be ascertained, the Group holds an optimistic view on Toronto's future economic situation.

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In the year under review, there has been a pick-up in Vancouver's economy and the Vancouver Edition reported a 10% increase in its advertising revenue for the year. It is expected that the Vancouver Edition will benefit from the gradual recovery in local economy and show further improvement in its performance next year.

For the New York Edition, it is expected that a more promising economic future will come after the end of the Iraq war. This will speed up the pace of the Edition's business development.

MAGAZINES

Ming Pao Weekly

The circulation and advertising revenues of Ming Pao Weekly showed a slight downturn during the year under review. Nevertheless, through effective cost controls and benefited from the drop in newsprint prices, Ming Pao Weekly managed to record a satisfactory growth on its operating profit for the year.

During the year, Hong Kong showbiz lost two super stars: Roman Tam and Leslie Cheung. Ming Pao Weekly quickly responded by producing several exclusive interviews and reports on these two legendary artistes, which won acclaim from readers as well as a boost on its circulation. The special memorial supplement featuring Leslie Cheung was regarded more excellent than other publications of its kind in aspects of content, pictures and graphic design.

The Weekly's renovated "Health Life" page gives detailed updates on medical and health information which are of concern to the readers. During the year, Ming Pao Weekly co-organised consumption driven subscription programs with banks and other business organisations. The projects were successful and they brought about growth on the Weekly's circulation income.

In November 2003, Ming Pao Weekly will celebrate its 35th Anniversary. To mark this milestone, the Weekly will further enhance its content and add in more new columns of readers' interests to win more reader support.

Ming Pao Monthly

The clean-cut styled Ming Pao Monthly covers on the pan-cultural areas of humanities, current affairs and knowledge. Its stance on incorporating articles with different opinions and ideas is well recognised by local and overseas academics and well considered by readers. To track events closely, in the coming year, Ming Pao Monthly will put more emphasis on the political and economic aspects of the Mainland China, and will further explore local social problems and global focal affairs.

Ming Pao Monthly's target subscribers this year are secondary schools' teachers and students. In the second half of 2003, it will extend its subscription campaigns to local tertiary institutions. In the Mainland China, promotional activities have also been launched in major cities like Beijing, Shanghai, Dalian, Xian and Guangzhou. These promotions will be continued in the coming year.

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City Children's Weekly

City Children's Weekly had a makeover during the year. Besides enhancing its content on information technology and education, City Children's Weekly also actively participates in all sorts of children's cultural, educational and recreational activities. It was awarded the "Caring Company" logo by the Hong Kong Council of Social Service, acknowledging its contributions to the local children.

City Children's Weekly believes that new ideas are the prerequisites to advancement. In the coming year, it will continue to provide quality reading materials that incorporate knowledge, information and entertainment for children, parents and teachers.

HI-TECH WEEKLY

In the highly competitive computer magazines market, HI-TECH WEEKLY successfully positioned itself as an "e-Life" magazine and has become a household name with steady circulation sales during the year.

HI-TECH WEEKLY follows closely the market trend and readers' needs. New columns like "Mobile IT" and "eBiz Today" which focus on personal IT applications and e-commerce respectively were introduced during the year. "Smart User Manual", the useful tool-book of the three-book magazine, has also become a must-read and collector item for its readers. HI-TECH WEEKLY co-organised a number of seminars and workshops on business and personal computer applications with various organisations during the year which were all well received. HI-TECH WEEKLY will continue to play its role as a communication platform between its readers and advertisers of computer products.

Yazhou Zhoukan

During the year, Yazhou Zhoukan published a number of special reports on researches about the Asian region and the countries therein, including Malaysia, Korea, Hong Kong, Japan, Singapore and Thailand. These reports enabled readers to grasp the keys of the ever-changing political and economic climate in Asia.

Yazhou Zhoukan came to its 15th Anniversary in December 2002. A series of celebrating events like the first Young Entrepreneur Award ceremony and other cocktails and luncheons were organised in which readers were shown the important role played by this international Chinese publication in the progress of globalisation over the years.

Yazhou Zhoukan provides significant research data on an annual basis, listings like "Chinese Businesses 500", "China's Top 100 Listed Companies", "Asia's Corporations 1000" and "Asia Financial Institutions 300" are all results of sophisticated researching work and are valuable references for the readers.

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PUBLISHING

Ming Pao Publications/Crystal Window Publications/Ming Man Publications

In the past year, Ming Pao Publications and Crystal Window Publications explored new business opportunities and opened up new markets with satisfactory results, as reflected by a decent growth in their combined publishing revenues.

During the year under review, Ming Pao Publications published the historical series "A Wide Vision of 5000 Years of Chinese Culture" compiled by over 100 academics from the Peking University. The series has sold over 50,000 copies. The translated version of the classical "History of European Culture" and the newly introduced Chinese language and bilingual educational books also generated satisfactory revenues for the Group.

Following last year's "Great Stories of 5000 Years", Ming Pao Publications will publish more educational books for primary and secondary school students in the coming year, e.g. the "Great Stories about Western Culture" series, and learning books tailor made for primary school students. It is expected that these educational books, which usually have higher profit margins, will account for about 40% of all the books to be published in the coming year, bringing in significant revenue for the Group.

Ming Man Publications has published more than 30 new books since its establishment in early 2002. Next year, Ming Man Publications will actively explore the Mainland China market, providing mainland writers and academics with opportunities to publish their personal writings and academic theses.

TRAVEL

Charming Holidays

During the year under review, Charming Holidays endeavored to explore new business opportunities and to control spending. However, with the global economic slowdown and the Iraq war affecting tourism this year, Charming Holidays inevitably recorded an operating loss. The SARS outbreak in March 2003 significantly affected the tourist industry in the following few months and it is expected that Charming Holidays' businesses will suffer a further set back in the first half of the next financial year.

Summer study tours are getting more popular in recent years. Leveraging on the good relationship between Ming Pao Daily News and the local education sector, study tours organised by Charming Holidays have acquired a good reputation, and it is expected that a greater market share will be enjoyed by the company in the future.

With many countries simplifying the visa application procedures for the Mainland Chinese citizens; along with the agreements reached between the Chinese government and many countries, Chinese citizens can now travel to more countries. Charming Holidays, with its extensive market experience, will grasp this business opportunity to explore this new market, hoping to gain better business developments and returns.

In response to the market demand, Charming Holidays re-designed its traditional tour routes, adding new elements to high quality services in order to maintain its market position.

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Charming Holidays' subsidiaries in North America, the Delta Group of Companies, performed as good as expected, bringing in reasonably good profit for the year. In the coming year, Delta will put more effort in introducing diversified travel products to explore the local outbound travel market; a stable and healthy development is expected.

INTERNET

Mingpao.com

During the year Mingpao.com continued to adopt aggressive measures to increase income and reduce expenditure; it expects to breakeven by the end of 2003.

The number of unique users of Mingpao.com has increased to over 4 million per month in the past year. "mingpaonews.com" and "mpinews.com" have become major sources of information for Internet users. Mingpao.com has also become a major content provider, providing many websites and telecommunications providers with updated and reliable information. For the third year in a row, Mingpao.com was awarded one of the top ten healthy websites by the Television and Entertainment Licensing Authority.

Mingpao.com launched a subscription service in February 2003. Subscribers can search for Ming Pao Daily's news archive and columns of well-known writers in the supplement section. Response has been overwhelming, with the number of subscribers growing satisfactorily. Mingpao.com will introduce more value-added services to its different user groups.

In view of the growing popularity of online shopping, Mingpao.com will provide more quality goods and services to its subscribers in addition to developing its core businesses.

COMMUNITY SERVICES

Readers' donations

As a service to our society, Ming Pao Daily News continues to pass donations from our readers to designated families, helping them cope with their daily needs. Those helped not only include local unfortunate families, but also people in the Mainland China.

During the year, Ming Pao Daily News co-organised the "Guangdong Province Remote Area Education Relief Fund" program with several educational establishments. Donations received for the program are used to build schools in poor and remote areas of Guangdong, to buy books for the students and to improve the teaching facilities there. In just a few months donations have exceeded HK\$1.5 million, boosting the total donations for the program to nearly HK\$3 million.

After the outbreak of SARS, Ming Pao Daily News and the Hong Kong Performing Artistes Guild quickly co-organised the "Project Blossom" in May 2003. The goal was to raise education funds for children of SARS victims, and within a month the campaign had raised over HK\$13 million, which is being distributed to needy families.

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School and industry activities

The "School Reporters Scheme" organised by Ming Pao Daily News entered its sixth year. The activity was themed "Cross-Media, Broaden Vision". Hundreds of students who took part in the program immersed themselves in the multi-media world through different activities, learning different media knowledge.

For the third year, the Daily organised the "Project CompuAid" program. This year there are more than 1,300 beneficiaries, including students and other needy people in the society.

Ming Pao Daily News organised and co-organised various school activities with many organisations, encouraging students to take part in extra-curricular activities and to pay attention to social affairs. To foster relations with other sectors of the society, the Daily also supported various social activities such as the Outstanding Social Workers Award, Hong Kong Arts Development Awards and the Hong Kong Outstanding Women Professionals and Entrepreneurs Award.

FINANCIAL POSITION

As at 31st March 2003, shareholders' funds stood at HK\$605,833,000 (31st March 2002: HK\$588,022,000, as restated); long-term liabilities amounted to HK\$8,335,000 (31st March 2002: HK\$9,973,000); and the gearing ratio was 1.38% (31st March 2002: 1.70%, as restated).

The Group's cash flow was maintained at a healthy level, as at 31st March 2003, the Group held cash deposits amounted to HK\$179,821,000 (31st March 2002: HK\$160,535,000), representing a 12% increase over that of the previous year, whilst total outstanding bank borrowings amounted to HK\$49,309,000 (31st March 2002: HK\$ 84,032,000), decreased by 41% as compared with last year.

OUTLOOK

Affected by the outbreak of SARS, the local economy continues to remain uncertain. Nevertheless, the Group is well prepared to face the keen competition and the challenges ahead. We will expand our core businesses cautiously to maximize our market share; reinforce Ming Pao's brand name and goodwill; provide quality news and information; continue to control costs and better coordinate resources to obtain higher economic result. The Group is also equipped with a strong financial position and a hard working and dedicated workforce. With another set of new economic stimulating measures to be taken out by the local government, it is expected that in the coming year the local economy will recover gradually and the citizens will regain their confidence. The Group should have a steady growth and development next year which marked the 45th Anniversary of Ming Pao Daily News.

AWARDS RECEIVED DURING THE YEAR



The Newspaper Society of Hong Kong

Hong Kong News Awards 2002

- Best News Reporting
1st Runner-up
- Best Young Reporter
Merit
- Best Business News Writing (Chinese)
2nd Runner-up Merit
- Best Business News Reporting
Merit
- Photographic Section (News)
2nd Runner-up
- Photographic Section (Features)
2nd Runner-up Merit
- Photographic Section (Sport)
1st Runner-up
- Best News Page Design
Merit



The Society of Publishers In Asia

2003 Awards For Editorial Excellence

- Excellence in Newspapers (Chinese Language)
- Winner : Ming Pao Daily News
- Excellence in Reporting (Chinese Language)
- Winner : Ming Pao Daily News & Yazhou Zhoukan
- Honourable Mention: Ming Pao Weekly
- Excellence in Business Reporting (Chinese Language)
- Winner : Ming Pao Daily News
- Excellence in Feature Writing (Chinese Language)
- Winner : Ming Pao Weekly
- Best Magazine Front Cover (Chinese Language)
- Winner & Honourable Mention: Ming Pao Weekly
- Excellence in Magazines (Chinese Language)
- Honourable Mention: Ming Pao Monthly
- Best Feature Photography
- Honourable Mention: Ming Pao Weekly
- Best Website (Chinese Language)
- Winner : Mingpao.com



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Consumer Council

Consumer Rights Reporting Awards 2003

- Features
Gold Award Bronze Award
- News
Silver Award

The Hong Kong Journalists Association

The Foreign Correspondents' Club

Amnesty International Hong Kong Section

The Eighth Annual Human Rights Press Awards

- Photography Winner 8 Merits
- Commentary & Analysis Merit
- Newspaper Feature Merit

