

# 明報 MING PAO ENTERPRISE CORPORATION LIMITED

*(Incorporated in Bermuda with limited liability)*

## ANNOUNCEMENT OF RESULTS

### FOR THE YEAR ENDED 31ST MARCH 2002

The directors of Ming Pao Enterprise Corporation Limited ("the Company") announce that the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31st March 2002 are as follows:

		2002	As restated 2001
	Notes	HK\$'000	HK\$'000
Turnover	1	<b>1,044,155</b>	1,218,340
Cost of sales		<b>(771,723)</b>	(845,992)
Gross profit		<b>272,432</b>	372,348
Other income		<b>10,164</b>	93,346
Selling and distribution expenses		<b>(148,524)</b>	(198,018)
Administrative expenses		<b>(114,492)</b>	(129,222)
Other operating expenses		<b>(8,872)</b>	(6,295)
Operating profit	2	<b>10,708</b>	132,159
Finance costs	3	<b>(6,954)</b>	(14,711)
Share of losses of associated companies		<b>(5,840)</b>	(5)
(Loss)/profit before taxation		<b>(2,086)</b>	117,443
Taxation	4	<b>(5,032)</b>	(8,483)
(Loss)/profit after taxation		<b>(7,118)</b>	108,960
Minority interests		<b>2,383</b>	1,995
(Loss)/profit attributable to shareholders		<b>(4,735)</b>	110,955
Dividends	5	<b>(15,694)</b>	(54,925)
(Loss)/earnings per share	6	<b>(1 cent)</b>	28 cents

Notes:

## 1 Segment information

The Group is principally engaged in the publication of Chinese newspapers, periodicals and books and provision of travel and travel related services. The Group's turnover and results for the year, analysed by business segments and geographical segments, are as follows:

	Turnover		Segment results	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments:				
Publishing	<b>695,859</b>	803,056	<b>28,043</b>	76,643
Travel and travel related services	<b>300,186</b>	366,540	<b>(557)</b>	4,145
Internet businesses (note)	<b>48,110</b>	48,744	<b>(22,868)</b>	(38,221)
	<b>1,044,155</b>	1,218,340	<b>4,618</b>	42,567
Gain on disposal/dilution of interests in subsidiaries			-	74,493
Interest income			<b>7,307</b>	16,425
Unallocated expenses			<b>(1,217)</b>	(1,326)
Operating profit			<b>10,708</b>	132,159
Finance costs			<b>(6,954)</b>	(14,711)
Share of losses of associated companies			<b>(5,840)</b>	(5)
(Loss)/profit before taxation			<b>(2,086)</b>	117,443

Note: Internet businesses comprise advertising, provision of contents and travel related services through the Group's various portals.

	Turnover		Segment results	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical segments:				
Hong Kong	<b>713,250</b>	859,646	<b>23,043</b>	52,370
Canada	<b>210,439</b>	224,215	<b>4,451</b>	10,457
The United States of America	<b>102,378</b>	107,409	<b>(18,535)</b>	(16,935)
The Mainland China	<b>18,088</b>	27,070	<b>(4,341)</b>	(3,325)
	<b>1,044,155</b>	1,218,340	<b>4,618</b>	42,567

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Operating profit	<b>10,708</b>	132,159
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Share of losses of associated companies	<b>(5,840)</b>	(5)
(Loss)/profit before taxation	<b>(2,086)</b>	117,443

**2 Operating profit**

Operating profit is stated after charging depreciation amounted to HK\$35,504,000 (2001: HK\$34,822,000).

**3 Finance costs**

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Interest expenses on bank loans and overdrafts	<b>6,458</b>	14,711
Interest element of finance leases	<b>496</b>	-
	<b>6,954</b>	14,711

**4 Taxation**

The amount of taxation charge in the consolidated profit and loss account represents:

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Hong Kong profits tax		
- current year	<b>2,413</b>	3,538
- under provision in prior years	<b>2,080</b>	4,859
Overseas taxation		
- current year	<b>703</b>	523
- over provision in prior years	<b>(164)</b>	(437)
	<b>5,032</b>	8,483

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits of the companies within the Group operating in Hong Kong for the year.

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Overseas taxation is provided at the relevant tax rates on the estimated assessable profits of the companies within the Group operating overseas for the year.

### 5 Dividends

	<b>2002</b>	2001
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interim, paid, of HK2 cents (2001: HK3 cents) per ordinary share	<b>7,847</b>	11,767
Special, proposed, of Nil (2001: HK8 cents) per ordinary share	-	31,388
Final, proposed, of HK2 cents (2001: HK3 cents) per ordinary share	<b>7,847</b>	11,770
	<b>15,694</b>	54,925

The proposed final dividend is to be distributed from the Company's distributable reserves.

### 6 (Loss)/earnings per share

The calculation of basic loss per share is based on the loss attributable to shareholders for the year of HK\$4,735,000 (2001: profit attributable to shareholders of HK\$110,955,000, as restated) and the weighted average of 392,345,000 shares (2001: 392,173,770 shares) in issue during the year.

No diluted loss per share for the year ended 31st March 2002 is presented as the exercise of the outstanding share options of the Company would have an anti-dilutive effect. For the year ended 31st March 2001, no diluted earnings per share has been presented as there is no material dilution effect arising from the share options granted by the Company.

### 7 Comparative figures

During the year, due to the adoption of the new and revised Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants, certain comparative figures have been restated to conform with the current year's presentation.

## RESULTS SUMMARY

During the period under review, the Group's core business was adversely affected by the slowdown in global economy and weak consumer spending. The Group's audited consolidated

turnover for the year ended 31st March 2002 was HK\$1,044,155,000, representing a decrease of 14% when compared to last year. Loss attributable to shareholders for the year amounted to HK\$4,735,000 and loss per share was HK1 cent. Last year's corresponding figures were a profit of HK110,955,000 and earnings per share of HK28 cents respectively. Included in last year's profit were gains arising from the dilution of shareholdings in the Group's Internet business "Mingpao.com" and disposal of interests in "Yazhou Zhoukan" amounted to HK\$74,493,000.

## **BUSINESS REVIEW**

The financial year under review was a year of excitement and challenges. As a Chinese media group, we witnessed China cheerfully gaining the hosting rights for the Year 2008 Olympic Games and its long awaited accession to the World Trade Organization (WTO), events that signalled China's continuous progress towards a prosperous, open and modern society.

Meanwhile, Hong Kong's economic downturn posed a challenge to companies in all sectors. Media corporations were not immune. The advertisement pie shrank significantly as a result of the weakening and sluggish economy, adversely affecting the Group which suffered a decline in turnover of about 14% and a net loss of almost HK\$14 million in the first half of the financial year 2001-2002.

The second half of the financial year faced the full negative impact of the world-shocking terrorist attack on September 11. Competitions and price wars intensified in the advertising industry and cutthroat packages offered in the travel businesses were unheard of.

With the dedication and competency of the Group's management staff, decisive cost cutting measures and aggressive explorations to tap new revenues were promptly and effectively implemented for the Group to stay competitive. Total headcount was reduced by 7% when compared to that of last year and year-end obligatory double pay was replaced by a performance-based bonus. Lower newsprint prices were locked in over a longer period of time. New and existing advertising customers were offered innovative packages. Productivity evidently improved and overall advertisement volume was maintained at a comparable level with that of last year. By the end of the financial year, the Group has emerged stronger, with a healthier financial position than at mid-year and the net loss for the year was reduced to below HK\$5 million.

We would like to highlight and share our pride in that the higher efficiency and better than expected results were achieved without any sacrifice on the quality of news reporting that Ming Pao Daily News ("Ming Pao") stands for. In fact, Ming Pao received in the past year a historic number of awards and prizes for its outstanding editorial content and presentation.

In an authoritative survey conducted by the Chinese University of Hong Kong, Ming Pao was designated the most credible media organization in Hong Kong, out-performing all other Chinese and English newspapers and electronic media. A report on the repeated occurrence of dust storms in Beijing, together with other in-depth reports, have won the championship prize for Ming Pao in the annual news contest organised by The Newspaper Society of Hong Kong. Awards were also granted by The Society of Publishers in Asia (SOPA) and Ifra, both respected media organizations of regional standing, in recognition of Ming Pao's editorial excellence and newspaper design respectively.

Ming Pao's overseas editions (in Toronto, Vancouver and New York) and Charming Holidays, the Group's travel business which has presence in both Hong Kong and North America, have returned to a normal growth path after suffering from a sudden deterioration in business as a result of the September 11 incident. Mingpao.com Limited, the Group's Internet arm, has shown significant improvement in its operating results after a re-structuring in October last year. It continues to provide real-time updated news to over 2,200,000 readers/unique users every month on the Internet.

As regards the legal action commenced by the Group against CIM Company Limited ("CIM") for the enforcement of the indemnity given by CIM for the repayment of a loan of approximately HK\$186,000,000, the Group, through its solicitors, completed all interlocutory matters of such action and obtained dates for the hearing of the trial. The trial is scheduled to take place on 20th January 2003.

## **OUTLOOK**

The outlook for the year 2002-2003 remains uncertain and challenging. On the one hand, the slow but steady recovery of the US economy and China's strong GDP growth make the economic picture more promising than the previous year. On the other hand, the emergence of a free newspaper in underground railway stations has added competition to an already volatile media market. Nonetheless, we are still cautiously optimistic about our business performance in the coming year.

## **FINANCIAL POSITION**

Despite the adverse economic conditions, the financial position of the Group remained sound and healthy. As at 31st March 2002, total shareholders' funds were HK\$574,524,000 (31st March 2001: HK\$630,416,000, as restated), long-term liabilities were HK\$9,973,000 (31st March 2001: HK\$10,493,000) and the gearing ratio was 1.74% (31st March 2001: 1.66%, as restated).

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The Group had cash deposits of HK\$160,535,000 at 31st March 2002 (31st March 2001: HK\$342,458,000) whereas total outstanding bank borrowings amounted to HK\$84,032,000 (31st March 2001: HK\$ 213,660,000).

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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.

### **EMPLOYEES**

As at 31st March 2002, the Group has approximately 1,370 employees, the majority of whom are employed in Hong Kong. The Group remunerates its employees based on industry practice and performance of individual employees. The Group also adopts a share option scheme for its staff of senior grade.

### **AUDIT COMMITTEE**

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters.

### **PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") will be published on the Stock Exchange's website in due course.

By Order of the Board  
**TIONG Kiew Chiong**  
*Director*

Hong Kong, 5th July 2002

## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the Company will be held at Marina Room II, 2nd Floor, The Excelsior Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 20th August 2002 at 10:30 a.m. for the following purposes:

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1. To receive and consider the audited financial statements, the reports of directors and auditors for the year ended 31st March 2002.
2. To declare a final dividend.
3. To re-elect directors and to authorise the board of directors to fix their remuneration.
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.

By Order of the Board

**Law Yuk Kuen**

*Secretary*

Hong Kong, 5th July 2002

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the head office and principal place of business of the Company at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The register of members will be closed from Thursday, 15th August 2002, to Tuesday, 20th August 2002, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 14th August 2002.

Please also refer to the published version of this announcement in The Standard dated 8 July 2002.

MING PAO ENTERPRISE CORPORATION LIMITED

8 July 2002