

### EXECUTIVE DIRECTORS

Tan Sri Datuk TIONG Hiew King (*Chairman*)  
Mr TIONG Kiu King  
Dr TIONG Ik King  
Mr TIONG Kiew Chiong

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr TANG Ying Yu  
Mr David YU Hon To

### COMPANY SECRETARY

Ms LAW Yuk Kuen

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Hang Seng Bank Limited

### AUDITORS

PricewaterhouseCoopers

### SOLICITORS

Johnson Stokes & Master  
Or, Ng & Chan

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

15th Floor, Block A  
Ming Pao Industrial Centre  
18 Ka Yip Street, Chai Wan  
Hong Kong

### REGISTERED OFFICE

Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

### PRINCIPAL REGISTRARS AND TRANSFER OFFICE

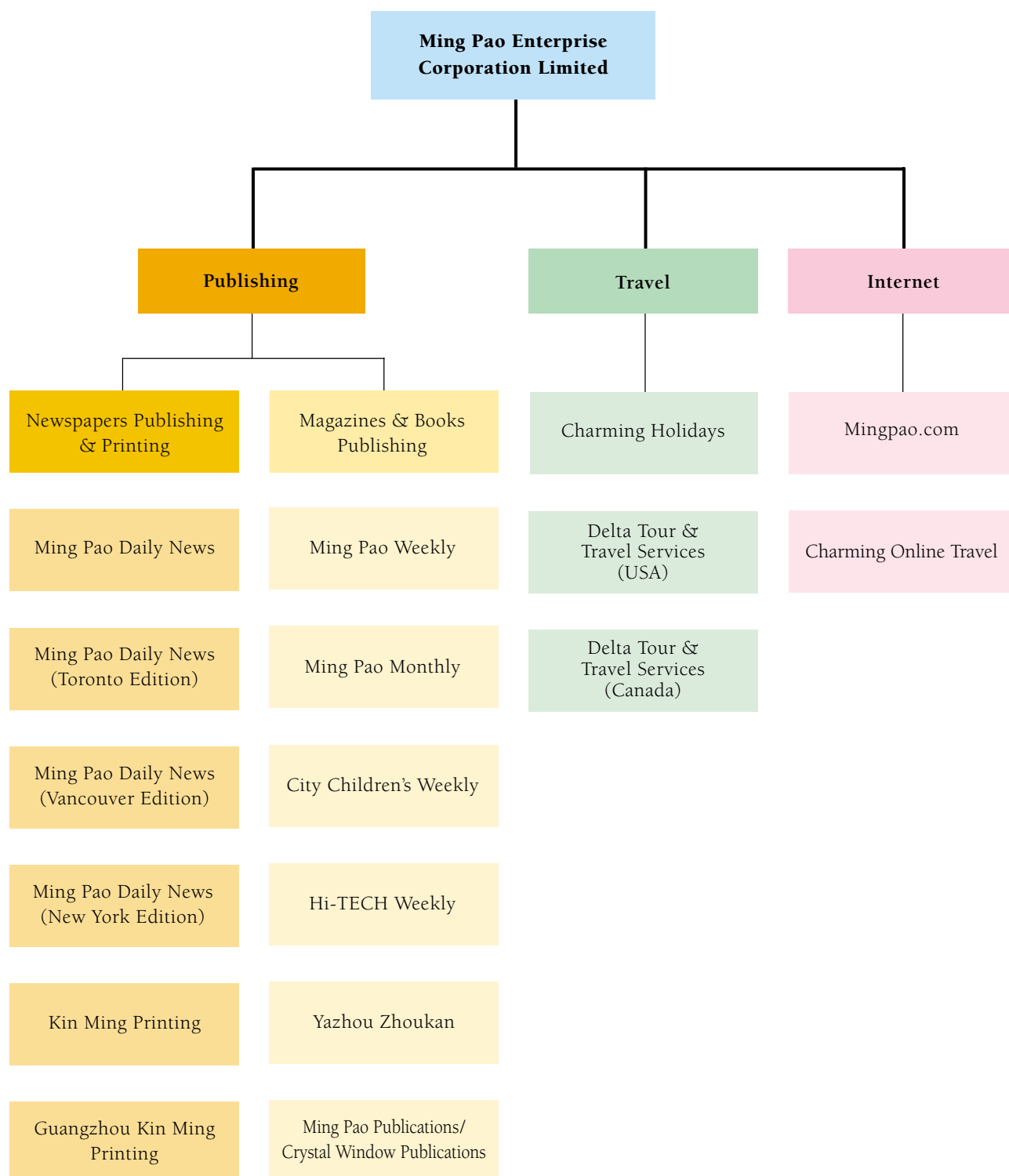
Butterfield Corporate Services Limited  
Rosebank Centre  
14 Bermudiana Road  
Hamilton  
Bermuda

### HONG KONG BRANCH REGISTRARS AND TRANSFER OFFICE

Tengis Limited  
4th Floor Hutchison House  
10 Harcourt Road  
Hong Kong

## Group Structure and Principal Activities

As at 31st March 2001



The financial year under review has been a fruitful and memorable one for the Ming Pao Group. It marked the beginning of a new millennium and also a new phase of development for the Group. We have embarked on the transformation from a traditional local print media Group into a new global multi-media organisation and the pace of change is generally satisfactory.

Our objectives and commitments to serve the Chinese communities around the world and to promote Chinese cultures are widely recognised. At the recently held 35th anniversary celebration of Ming Pao Monthly, we were most honored to have the first Chinese Nobel Prize Laureate in Literature, Mr Gao Xing Jian to officiate at the reception party and deliver an outstanding and inspiring speech. The party was attended by several hundred distinguished guests from various fields of art and culture and many renowned local and overseas writers.

During the year, the Group again received many awards which reflected the high quality of its print and online publications. Among others, these include:

1. "Award for the Excellence in Newspapers – Chinese Language" in the "2001 Awards for Editorial Excellence" organised by the Society of Publishers in Asia;
2. Top award in newspaper printing in "The 12th Hong Kong Print Awards" jointly organised by the Hong Kong Publishing Professionals Society and the Graphic Arts Association of Hong Kong;
3. Three awards in the "Hong Kong News Awards 2000" organised by the Newspaper Society of Hong Kong;
4. Top award in the Photo Essay Section in the "Focus at the Frontline 2000" organised by the Hong Kong Press Photographers Association;
5. "Top Ten Healthy Websites Award" from the Television and Entertainment Licensing Authority of the Government of HKSAR; and
6. "The Best Portal" awarded by the Webmasters (Hong Kong) Association.

## BUSINESS REVIEW

In the first half of the financial year, we achieved strong growth in both newspaper and magazine advertisements, especially in the areas of real estate, telecommunications and technology products as reported in our interim results. However, a sharp economic slowdown in the US triggered a downturn in the local economy in the second half of the year. Though the US interest rates were reduced dramatically over a short period of time and so were the local interest rates because of the local currency's peg to the US dollars, the property and retail markets in Hong Kong remained sluggish. Confidence in consumer spending remained low, which led inevitably to significant cuts in the advertisers' budgets. Escalating newsprint prices for five consecutive quarters exacerbated the already diminished bottom line of many publishing companies.

Despite such difficult business environment, the Group still managed to achieve a revenue growth of about 6%. The profit before taxation for the year, excluding the results of the online business which is still in a development stage, recorded a respectable 18% increase. In particular, the Group's growth in the North America market, in both newspaper publishing and travel business, is significant and noteworthy.

The Group concluded two strategic deals during the year. The first one resulted in having Yahoo! Inc., the world's leading Internet company, become a minority shareholder of Mingpao.com, a subsidiary which is responsible for all the Group's online businesses and developments. The transaction demonstrated that Yahoo! has high confidence in the Group as an Internet content provider.

The second deal concerned Yazhou Zhoukan ("YZZK"), the only Chinese language regional magazine on current affairs in Asia which the Group acquired in 1993. Tom.com Limited, a GEM listed company and a member of the Hutchison Group, acquired 50% interest of YZZK in March 2001. Tom.com Limited is committed to help YZZK to broaden its business and advertisers' base throughout the region, especially in the Greater China market.



Tan Sri Datuk TIONG Hiew King  
*Chairman*

On the travel business side, Charming Holidays formed a joint venture company with Mingpao.com, both of which are subsidiaries of the Group, to embark on the provision of online travel services. The new company, Charming Online Travel, was granted a full travel agent licence in August 2000 and offers a comprehensive range of travel services including air-ticketing, hotel-booking and tours, under a click-and-mortar model.

In order to maintain a high quality of production, the Group is committed to regularly improve and upgrade its production facilities. During the year, new printing machinery was added to the production plants in Hong Kong, Toronto and Vancouver and the Group is also planning for printing facilities expansion in New York to better serve our readers and advertisers in that Chinese community.

The Board members unanimously agreed to surrender an industrial site in Tseung Kwan O Industrial Estate originally meant for our new office and printing plant. The Board members believed that the existing premises in Chai Wan are sufficient to cater for the Group's foreseeable need. Moreover, the sinking problem at the reclaimed site is still unresolved. A refund on the land premiums was received upon surrendering of the site in accordance with the terms of the Agreement for Lease.

As regards the legal action commenced by the Company against CIM Company Limited ("CIM") for the enforcement of the indemnity given by CIM for the repayment of a loan of approximately HK\$186 million, the Company has already obtained Counsel's advice on evidence and will be in a position to set the case down for trial soon. It is envisaged that the hearing of the trial will take place next year.

## OUTLOOK

The business outlook for the coming financial year remains cautious. Nonetheless, we are hopeful that with China's admission to the World Trade Organisation and the lower interest rates, Hong Kong's economy will slowly pick up in the short term.

The Group will continue to excel itself in its core business, i.e. publishing quality Chinese newspapers and magazines. We will also continue to look to expand our traditional businesses while at the same time explore new investment opportunities.

Our vision is to become a leading global Chinese content provider, serving all Chinese communities around the world with quality news and reliable information in a multi-media framework. The set up of Mingpao.com and the introduction of strategic partners are but the first few steps taken to realise this goal.

## APPRECIATION

On behalf of the Board of Directors, I would like to sincerely thank our readers, advertisers, customers, suppliers and partners for their continuous support and the Board is also truly appreciative of the tireless commitments, dedication and contributions from the management and staff of the Group. I am equally sure that our competent team is ready to take on the challenges ahead.

**Tan Sri Datuk TIONG Hiew King**  
*Chairman*

Hong Kong, 5th July 2001





Source: The Society of Publishers in Asia

# 頒獎典禮

## PRESENTATION CEREMONY



### REVIEW

The Group recorded a consolidated turnover of HK\$1,218 million for the year ended 31st March 2001, representing an increase of approximately HK\$65.7 million or 5.7% over that of last year. Net profit for the year was HK\$93.5 million, 11.7% higher than last year's and the basic earnings per share rose by 14.3% to HK24 cents this year.

### NEWSPAPERS

#### Ming Pao Daily News

Ming Pao Daily News achieved satisfactory operating results this year with a continuing increase in turnover. The steady increase in the Daily's circulation was a result of its well-maintained quality of news reporting which won our readers' recognition and support, and its effective marketing strategies and circulation promotions. The Daily's circulation revenue increased by 9.4% over that of last year.

To keep pace with the era of multi-media news-reporting, Ming Pao Daily News is a pioneer among the local media to have its reporters not only take photos and gather news, but also make video and sound recordings on the scene. The materials are then made into multi-media clips for dissemination through our website, [mingpao.com](http://mingpao.com). Hence the same materials can be used for both our print and online versions while at the same time our readers are provided with the most up-to-date and comprehensive information.

For the Local News pages, the Daily has put in more resources to enhance the main news coverage. It has also launched new columns such as "Environmental Protection" and "Sunshine Stories" which are well received by our readers. In the coming year, the Daily will publish more reports about the Government of HKSAR and the next HKSAR Chief Executive election, thus enable our readers to pick up quickly and accurately the latest information concerning the election.

To meet the need for business information by some 300,000 small and medium enterprises, the Finance Desk launched the "SME Supplement" which provides the necessary information platform required. Moreover, it has also successfully launched the finance portal, [www.mpfinance.com](http://www.mpfinance.com), for the provision of real-time financial information and commentary. The portal has since formed an important part of the [mingpao.com](http://mingpao.com) Internet business.

A number of new feature columns were introduced in the International and China Desks. Among them was "Nobel Prize Laureates' Manuscripts", a monthly column that the Daily is exclusively authorized to publish in Hong Kong, through which readers can have a glimpse of the unique views and modes of thinking of the Nobel Prize laureates. The column draws a lot of positive feedback since its debut.

In addition to the provision of more extensive reports on local, China, financial and international news, the Daily also enriched the contents of its entertainment pages by substantially increasing the human resources for the Entertainment Desk. New columns like "Exclusive Interviews of Super Stars" and "A Date with the Celebrity" are well received by readers and advertisers. The enhanced pages have also attracted new advertisers for the Daily.

The Life Supplement Desk introduced a new feature page, “Sex Education Zone”, on Thursdays which discusses hot topics about sex for adolescents from a healthy perspective. The page proved to be a success and is very popular among youngsters and student readers. Contributions for the page are received from parents and teachers as well. In addition, another new column, “Parenting”, which focuses on parenting and parents-to-children communication skills, is scheduled to be launched in the near future.

To further promote its recruitment advertising business, Ming Pao Daily News introduced on 22nd June 2001 a new multi-media job recruitment service “JUMP”. JUMP is a joint effort of Ming Pao Daily News with mingpao.com and acts as a “Quality Professional Value-Adding Platform” for employees and job-seekers alike. The Section contains professional-quality content and up-to-date information, and it offers seminars and workshops on various themes for various professions, enabling employees and job-seekers to constantly engage in self-improvement and get hold of every career development opportunity.

The Group purchased more printing machines during the year to improve its printing efficiency and capability of printing colour pages. Such improvements have enhanced the Daily’s visual impact which makes it more appealing to readers and advertisers.

#### The Toronto Edition

The Toronto Edition has maintained its strong position as the most widely read local Chinese newspaper in eastern Canada. This year the Edition reported a record-high revenue since its launch amid the prosperous economy of North America. However, the economy of Canada slowed down in the last quarter, triggered by the plunge of the US stock market. It is expected that the Edition’s performance for the first half of next year may not be comparable with that for the corresponding period of last year. Nevertheless, the effect of the series of interest rate reductions is expected to become apparent in the second half of next year, hence we are still cautiously optimistic about the Edition’s results for the next year.

The volume of circulation and the number of advertisements in the Edition are expected to further increase because of the growing number of immigrants from The Mainland China. Starting from 2nd April 2001, a special issue called “Exploring China”, which features news in The Mainland China and stories of overseas Chinese, is given as a complimentary supplement with the newspaper on Mondays. It was well received and the circulation of the Edition grew considerably.

#### The Vancouver Edition

According to the Year 2000 AC Nielsen-DJC Research, the Vancouver Edition ranked first in readership, outpacing its competitors by 26%. The Edition was crowned the market leader for the second time in a row in the said readership survey.

Hindered by its political environment, British Columbia, in which Vancouver is situated, became one of the provinces that achieved the slowest economic growth in Canada. In such circumstances, the Edition was also affected. The British Columbia provincial general election was held in May 2001 and a new government was appointed. It is expected that the new government will formulate plans to stimulate the economy, therefore, we are still optimistic about the Edition’s results for the next year.



### The New York Edition

The New York Edition achieved a stable result this year with 8% and 7% increases in advertising and circulation revenues respectively. As a large-scale promotional activity is set for next year, the Edition's circulation and operating results are likely to have a breakthrough in growth.

## MAGAZINES

### Ming Pao Weekly

Ming Pao Weekly has long been supported by premium advertisers. During the year, the Weekly recorded a 10% increase in advertising income, bringing lucrative profits for the Group.

In addition to providing exclusive coverage on entertainment news, the Weekly shared lots of up-to-date information about "quality life" with its readers. In March 2001, the Weekly introduced eleven new columns. Eleven celebrities and professionals were invited to share their views on way of life and expertise with readers through intimate and touching articles or lighthearted and humorous comics. Each column, having its own style and being interesting, is favoured by the readers.

Showing respect and encouragement is part of the Weekly's dedication to the acknowledgement of prominent members in the show business, regardless he/she is an artiste or a crewmember. The first "Showbiz Award" held in November 2000 was an example. It gained support from veterans in the industry who offered themselves to sit on the panel of judges for the pageant. Through this annual event, the Weekly hopes to show its support to the industry.

In the coming year, the Weekly will gather more valuable news and interviews, thus provide an exclusive coverage on information about the show business and lifestyle.

### Ming Pao Monthly

The marketing efforts of Ming Pao Monthly in the year were well rewarded, with twice as many subscribers for the Monthly as there were before. In addition to gaining new subscribers from the local secondary schools, Ming Pao Monthly has also become a supplied magazine on most flights of Cathay Pacific.

Ming Pao Monthly is devoted to improving its content. In addition to its coverage on culture, Ming Pao Monthly also increases its articles on current and academic affairs. With an aim to diversify and enrich its content, Ming Pao Monthly endeavors to introduce various trends of thought and opinions so as to present readers with sophisticated, interesting and striking articles. Many local and overseas renowned writers are also invited to contribute articles to the title.

Year 2001 marks the 35th anniversary of the founding of Ming Pao Monthly. Professor Goran Malmqvist, a member of the Nobel Committee for Literature, and Mr Gao Xing Jian, Year 2000 Nobel Prize Laureate in Literature and a consultant of the Monthly, were invited to the celebration ceremony, the latter also delivered speeches which were warmly received by the audience.

Ming Pao Monthly will issue its 35th anniversary memorial electronic edition in July 2001. It will be a set of VCDs that contains a total of 54,000 pages from the past 420 issues of Ming Pao Monthly including its first issue in 1966. This is the first attempt by any local Chinese magazines to publish an e-magazine collection and it signifies Ming Pao Monthly's entering into the electronic era.

#### City Children's Weekly

City Children's Weekly is one of the Group's quality magazines with children as its target readers. It is very popular among the local children. The marketing campaign launched in the year has resulted in a 20% increase in the number of subscribers. School children from more than 300 primary schools in Hong Kong have subscribed for City Children's Weekly which reflects its popularity and the recognition it has gained from teachers, parents and children.

City Children's Weekly not only focuses on inspiring the children to think through interesting stories and pictures, it also addresses the problems children will face at various stages of growing-up. During the year, City Children's Weekly held a series of seminars on the topic of "Children's Growth". Experts were invited to give talks relating to children's growth and parents were encouraged to share their experience of communicating with their children. Parents' and teachers' responses to the seminars were extremely good. The family activities organised in the year by the "City Children's Weekly Fan Club" have also won the enthusiastic support from the readers.

Looking forward to the coming year, City Children's Weekly will continue to provide readers with interesting content and information, and hold more family activities to facilitate its connection with the readers.

#### Hi-TECH Weekly

Hi-TECH Weekly is a magazine which covers information on the latest development in the computer industry. In the past two years, Hi-TECH Weekly has been given as a complimentary copy with the Ming Pao Daily News. It has only been sold separately since March 2001. The now independent Hi-TECH Weekly contains three books in each issue. The main book focuses on popular issues about computers such as information on new products and their latest development, Internet and e-commerce. The other two supplements are: the "Giga Mag", which is a shopping guide on local computer shopping centers with product tests and the "Computer Users' Handbook", which is popular among the readers and portrays features on specific topics in each issue with emphasis on both practical issues and general knowledge.

Since its independence in March, Hi-TECH Weekly has been well supported by its readers with an encouraging steady increase in circulation.

#### Yazhou Zhoukan

Yazhou Zhoukan was launched in 1987. It is the only Chinese magazine featuring international current affairs. Yazhou Zhoukan adopts an editorial policy that emphasizes on accuracy and neutrality, and provides its readers with detailed reports and in-depth analyses on the latest political, commercial, technological and cultural developments. Its aims are to capture the changes in the Chinese community around the world and the development of Asia. Yazhou Zhoukan has readers and subscribers in Hong Kong, Singapore, Malaysia and Taiwan.

Last year was the eighth consecutive year that Yazhou Zhoukan has published the report “International Top 500 Chinese Enterprises”. The report has gained recognition both in the academic and commercial fields, and is taken as an authoritative reference material. Yazhou Zhoukan has also published the report “Top 100 Listed Enterprises of the PRC”, which provides readers with information and statistics relating to investments in the PRC for reference.

In March 2001, Tom.com acquired 50% interests of Yazhou Zhoukan and thus gave an impetus for its future development. Yazhou Zhoukan will maintain its existing editorial policy and aim at becoming an influential provider of multi-media international news and research on information technology and company ratings in the commercial sector.

## PUBLISHING

### Ming Pao Publications/Crystal Window Publications

To celebrate its 15th anniversary, Ming Pao Publications has published a series of book collections in the year, including picture albums like “Life of our Star – Bruce Lee” and “Sex History of the Past Five Thousand Years”, collections like “The Chronicle” and “Selection of Tung Chiao” and a collection of works by Mr Gao Xing Jian, the First Chinese Nobel Prize Laureate in Literature. The books published have won widespread praise.

Ming Pao Publications is also aggressively developing its direct sale business. It has launched an online bookstore and obtained distribution right for the mail-order of Jin Yung’s swordsmen fictions, Wah Bo Zhai thread-binding novels and the electronic edition of “Complete Collection in Four Treasuries (Si Ku Quan Shu)”, thus contributing significant growth in its mail-order turnover.

“Ming Pao Book Club” was established in 1995 to facilitate the promotion of the publication of large-size books and mail-order business. The book club organises book exhibitions and seminars on specific topics regularly. Since its establishment in 1995, the number of members of Ming Pao Book Club has increased to 8,000 which makes Ming Pao Publications one of the publishing companies in Hong Kong with the largest number of members.

In the coming year, in order to improve its services and enhance its competitiveness, Ming Pao Publications will continue to publish quality books and hold more seminars.

## TRAVEL

### Charming Holidays

The turnover of Charming Holidays for the year under review remained at the same level as that of last year’s while the number of passengers increased by more than 13%. This reflected the change in consumers’ spending pattern to one that is more cost conscious by choosing shorter duration programs or traveling during low seasons. Despite these adverse conditions, Charming Holidays managed to achieve a marginal growth in net profit by maintaining competitiveness through exercising stringent cost controls, establishing new tourist attractions as well as re-packaging existing tour packages.

In order to cope with the new technological trends and to seize the new opportunities arising from e-commerce, Charming Online Travel was established as a joint venture company between Charming Holidays and Mingpao.com. Individual leisure packages to South East Asia region were initially offered and the response was extremely encouraging.

### Delta Group

The Delta Group of Companies, Charming Holidays' subsidiaries in North America, had another record year due particularly to its successful outbound developments and the strong US economy. Although slow down in the US economy is predicted, the Delta Group is confident to forecast a healthy growth in the coming year through exercising cautious control on overhead expenses and exploring new tourist destinations.

## INTERNET

### Mingpao.com

Yahoo! Inc, a US dotcom giant, invested in Mingpao.com and became one of its minority shareholders in September 2000. Since then Mingpao.com and Yahoo! Hong Kong have embarked upon a series of strategic cooperative projects. As a result, the market position and valuation of Mingpao.com are further enhanced.

During the year, Mingpao.com launched two popular information platforms: financial news and entertainment news portals. It also split the instant news channel from the main news portal. Mingpao.com currently delivers an average of 100 pieces of real-time news and 100 pieces of real-time financial news every day, providing the quickest and greatest number of real-time news among the traditional news media in Hong Kong. In April 2001, Mingpao.com won the Award of the Best Portal in "Hi-Tech Web Awards 2001" organised by Webmasters (Hong Kong) Association.

Mingpao.com achieved a turnover which approximated its target set for the year with a better result in the second half year. It is expected that the website will be able to breakeven in the near future.

## FINANCIAL POSITION

The Group's financial position has improved substantially in the recent years. As at the balance sheet date, the Group's shareholders' fund was HK\$1,215 million (2000: HK\$1,175 million). When compared to the Group's long-term liabilities of HK\$10 million (2000: HK\$56 million), the gearing ratio at the balance sheet date was 0.82% (2000: 4.8%). This improvement in gearing ratio was mainly attributable to profits retained for the year.

At 31st March 2001, the Group held cash deposits of HK\$342 million whilst total outstanding bank borrowings amounted to HK\$213 million.

### COMMUNITY SERVICES

#### Donation

The Group has been promoting and participating actively in community involvement activities. In addition to collecting donations from readers and distributing the money to particular unfortunate members of the society according to the readers' wishes, the Group also supported the "Metro Mutual Aid Foundation" activities, through which emergency funds were raised and given to those in need.

#### School Reporters Scheme of Ming Pao Daily News

The "School Reporters Scheme" organised by Ming Pao Daily News has obtained strong support from secondary schools in Hong Kong since its launch four years ago. This year, over 1,700 students applied for the scheme's membership. The Group will continue to put resources into the scheme so as to enable its members to receive training as reporters and to gain practical experience in reporting. School Reporters with outstanding performance will be given the opportunities to interact with overseas media to broaden their visions and knowledge of journalism.

#### Activities for Readers

During the year, the Group held a series of seminars on topics relating to finance and education and organised a number of family activities for our readers. Among them were "E-commerce and Corporation Management", "Enabler 21" and "Children's Growth and Development". These seminars and activities won the eager support from many readers and professional bodies. They have also strengthened the Group's image and fostered a closer relationship between the Group and its readers.

### OUTLOOK

Affected by the slackening of growth in other economies, the prospect for the second half-year of year 2001 is not very promising. However, it is expected that the drastic cut in interest rates in the previous months will help to stimulate the local economic growth towards the closing months of year 2001.

The intense competition in the newspaper industry and the continual increases in operating costs aggravated the already difficult business environment. However, the Group is in good financial position and we will continue to strengthen our position in the market through product innovation and tighter cost controls.

Long-term prospects for the Group's core businesses remain good and we will continue to focus on improving our products while at the same time to explore for new investment opportunities.







## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at Coral Room I, 3rd Floor, Furama Hotel, One Connaught Road Central, Hong Kong on Tuesday, 21st August 2001 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of directors and auditors for the year ended 31st March 2001.
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 2001

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 Wednesday, 15th August 2001, to Tuesday, 21st August 2001, 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 Tuesday, 14th August 2001.

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

## PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 29 to the accounts.

An analysis of the Group's turnover and contribution to profit before taxation for the year by principal activities and markets is detailed in note 2 to the accounts.

## RESULTS AND APPROPRIATIONS

The Group's results for the year are set out in the consolidated profit and loss account on page 25.

The details of dividends declared and paid during the year are set out in note 7 to the accounts.

## RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 20 to the accounts.

## FIXED ASSETS

Details of the movements in fixed assets are set out in note 11 to the accounts.

## SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 19 to the accounts.

## FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 58.

## 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.

## DIRECTORS

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

Tan Sri Datuk TIONG Hiew King (*Chairman*)

Mr TIONG Kiu King

Dr TIONG Ik King

Mr TIONG Kiew Chiong

Mr KOU Yok Liong (resigned on 1st January 2001)

Mr TANG Ying Yu\*

Mr David YU Hon To\*

\* *independent non-executive directors*

In accordance with bye-laws 99(A) and 182(iv) of the Company's bye-laws, Mr TIONG Kiew Chiong and Dr TIONG Ik King retire by rotation and, being eligible, offer themselves for re-election.

## BIOGRAPHICAL DETAILS OF DIRECTORS

**Tan Sri Datuk TIONG Hiew King**, aged 67, has been the Chairman of the Company since October 1995. Tan Sri Datuk TIONG Hiew King has extensive experience in a number of industries including timber, newspaper publishing and property development and investment.

**Mr TIONG Kiu King**, aged 66, has been an executive director of the Company since October 1995. Mr TIONG graduated with a Diploma in Civil Engineering from Tak Ming College in Hong Kong in 1964. He is a brother of Tan Sri Datuk TIONG Hiew King.

**Dr TIONG Ik King**, aged 50, has been an executive director of the Company since October 1995. Dr TIONG graduated with a M.B.B.S. Degree from the National University of Singapore in 1975 and obtained a M.R.C.P. from the Royal College of Physicians in the United Kingdom in 1977. He is a brother of Tan Sri Datuk TIONG Hiew King.

**Mr TIONG Kiew Chiong**, aged 41, joined the Company as an executive director on 2nd May 1998. Mr TIONG graduated with a Bachelor of Business Administration Degree from York University, Toronto, Canada in 1982. He has also been a director of Pemandangan Sinar Sdn Bhd which is the publisher of Sin Chew Jit Poh, the leading Chinese newspaper in Malaysia, since 1996.

**Mr KOU Yok Liong**, aged 56, joined the Group in 1996 and was appointed as an executive director of the Company on 20th April 1998. Mr KOU has over 37 years' experience in the newspaper industry. Mr KOU resigned on 1st January 2001.

**Mr TANG Ying Yu**, aged 56, has been an independent non-executive director of the Company since April 1995. Mr TANG is a civil engineer and acts as the managing director of both Southern Petroleum Company Limited and Wan Lai Company Limited.

**Mr David YU Hon To**, aged 53, was appointed as an independent non-executive director of the Company on 30th March 1999. Mr YU is a fellow of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Society of Accountants. He was a partner of an international accounting firm with extensive experience in corporate finance. Mr YU is a founder and director of Management Capital Limited, which specialises in direct investment and financial advisory activities, and also on the board of several listed companies in Hong Kong.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to paragraph 8.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company discloses that during the year and up to the date of this report, Tan Sri Datuk TIONG Hiew King, Dr TIONG Ik King and Mr TIONG Kiew Chiong, directors of the Company, held directorships in Pemandangan Sinar Sdn Bhd ("PSSB") which is engaged in the business of newspaper publishing in Malaysia.

As the board of directors of the Company is independent of the board of PSSB, the Group operates its business independently of, and at arm's length from, the business of PSSB.

## 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 Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its holding company or its fellow subsidiaries 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 year.

## DIRECTORS' AND CHIEF EXECUTIVES' BENEFITS FROM RIGHTS TO ACQUIRE SHARES

Pursuant to a Share Option Scheme (the "Scheme") approved at a special general meeting of the Company held on 21st February 1991, the directors of the Company may, at their discretion, invite full-time employees (including executive directors) of the Company and its subsidiaries, to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. All share options that have not been exercised lapsed automatically on 20th February 2001, the expiry date of the Scheme. Movements of the share options granted to the directors of the Company during the year were as follows:

Name of director	Date of Grant	Exercise price per share HK\$	Number of shares involved in share options			
			Balance at 1st April 2000	Granted during the year	Lapsed during the year	Balance at 31st March 2001
Tan Sri Datuk TIONG						
Hiew King	1st June 2000	2.219	–	150,000	(150,000)	–
Mr TIONG Kiu King	1st June 1998	1.386	150,000	–	(150,000)	–
Mr TIONG Kiu King	1st June 2000	2.219	–	150,000	(150,000)	–
Dr TIONG Ik King	1st June 1998	1.386	150,000	–	(150,000)	–
Dr TIONG Ik King	1st June 2000	2.219	–	150,000	(150,000)	–
Mr TIONG Kiew Chiong	1st June 2000	2.219	–	139,000	(139,000)	–
			300,000	589,000	(889,000)	–

Save as disclosed above, at no time during the year was the Company, its subsidiaries, its holding company or its fellow subsidiaries a party to any arrangements to enable the directors, chief executives or their spouses or children under 18 years of age of the Company to acquire benefits by means of acquisition of shares in the Company or any other body corporate.

## PARTICULARS OF SHARES HELD BY DIRECTORS, CHIEF EXECUTIVES AND THEIR ASSOCIATES

At 31st March 2001, the directors, chief executives and their associates had the following interests in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”):

Name of director	Number of shares held			
	Personal interests	Family interests	Corporate interests	Total interests
Tan Sri Datuk TIONG Hiew King	150,000	–	252,487,700 (Note)	252,637,700
Mr TIONG Kiu King	611,000	147,000	–	758,000
Dr TIONG Ik King	–	–	252,487,700 (Note)	252,487,700
Mr TIONG Kiew Chiong	794,000	–	–	794,000

Note:

*The corporate interest of Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King in the Company was jointly held through Conch Company Limited (“Conch”) which holds 252,487,700 shares of the Company. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King. In addition, Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King directly hold 25% and 22% of the interest in Conch respectively.*

Save as disclosed above and those interests in respect of the Share Option Scheme disclosed under “Directors’ and chief executives’ benefits from rights to acquire shares”, none of the directors, chief executives and their associates had any beneficial or non-beneficial interests in the share capital of the Company, any of its subsidiaries or its associated corporations at 31st March 2001 which is required to be disclosed pursuant to the SDI Ordinance.

## SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

At 31st March 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that China Strategic Holdings Limited is beneficially interested in 39,248,000 shares of the Company, representing approximately 10% of the issued share capital of the Company.

Save as disclosed above and those interests disclosed under “Particulars of shares held by directors, chief executives and their associates”, the Company had not been notified of any other interests representing 10% or more of the issued share capital of the Company at 31st March 2001.



## MANAGEMENT CONTRACTS

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

## PENSION SCHEME ARRANGEMENT

The Group operates a hybrid scheme (the “Scheme”). Employees who joined the Group on or before 1st July 1990 are under a defined benefit plan provided they terminate their services with the Group upon reaching their normal retirement age. Other employees are under a defined contribution plan. The Scheme is administered by an independent trustee.

During the year, the Scheme was funded by contributions by both the employees and the Group at 5% and 4.7% of the monthly basic salaries of the employees respectively. The Group's contributions to the Scheme are charged against the profit and loss account as they are incurred and the total amount charged for the year amounted to HK\$7,800,000 (2000: HK\$8,232,000). Forfeited employers' contributions arising from early termination of services by employees are credited to a forfeiture reserve for the purpose of covering any shortfall on the defined benefit plan. The total amount available for such purpose amounted to HK\$18,044,000 (2000: HK\$19,280,000) at 31st March 2001.

The most recent independent actuarial valuation (the “Valuation”) of the Scheme was carried out at 1st January 2001 by Watson Wyatt Hong Kong Limited, a professionally qualified independent actuary. According to the Valuation, the Scheme was solvent as at the date of the Valuation.

With effect from 1st December 2000, all new joiners of the Group are eligible to join a mandatory provident fund scheme (“MPF Scheme”). The Group's MPF Scheme contributions are at 5% of the employee's relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HK\$1,000 per employee per month (“MPF Contributions”). The MPF Contributions are fully and immediately vested in the employees as accrued benefits once they are paid.

The total MPF Contributions payable to the MPF Scheme for the year ended 31st March 2001 was HK\$939,000. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

## EMPLOYEES

The Group has approximately 1,480 employees, the majority of whom are employed in Hong Kong. The Group remunerates its employees largely based on industry practice, including contributing provident funds, insurance and medical benefits. The Group also adopts a share option scheme for its staff of senior grade with awards determined annually based upon the performance of the Group and individual employees.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws in Bermuda.

## COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

The Code of Best Practice has been complied with by the Company throughout the year ended 31st March 2001 except that non-executive directors were not appointed for a specific term as recommended under the guidelines set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. According to the Company's bye-laws 182(iv), directors, including independent non-executive directors, shall retire by rotation at the annual general meeting and, being eligible, offer themselves for re-election where their re-appointments are reviewed. In the opinion of the Board, this meets the same objective of the Code of Best Practice.

## AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the audit committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The audit committee provides an important link between the Board and the Company's auditors in matters falling within the scope of the Group's audit. It also reviews the effectiveness of the external audit, internal controls and risk evaluation. The committee comprises two independent non-executive directors, namely Mr TANG Ying Yu and Mr David YU Hon To. Two meetings were held during the current financial year.

## AUDITORS

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

On behalf of the Board

**TIONG Kiew Chiong**

*Chairman*

Hong Kong, 5th July 2001



羅兵咸永道會計師事務所

PricewaterhouseCoopers  
22nd Floor, Prince's Building  
Central, Hong Kong

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
MING PAO ENTERPRISE CORPORATION LIMITED**

*(incorporated in Bermuda with limited liability)*

We have audited the accounts on pages 25 to 57 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors of the Company are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**BASIS OF OPINION**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

**OPINION**

In our opinion, the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31st March 2001 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 5th July 2001

## Consolidated Profit and Loss Account

For the year ended 31st March 2001

	Note	2001 HK\$'000	2000 HK\$'000
Turnover	2	1,218,340	1,152,593
Cost of sales		<u>(845,992)</u>	<u>(794,802)</u>
Gross profit		372,348	357,791
Other income		75,846	113,616
Selling and distribution expenses		(198,018)	(174,321)
Administrative expenses		(129,222)	(115,057)
Other operating expenses		<u>(6,295)</u>	<u>(79,586)</u>
Operating profit	3	114,659	102,443
Finance costs	4	(14,711)	(15,198)
Share of losses of associated companies		<u>(5)</u>	<u>—</u>
Profit before taxation		99,943	87,245
Taxation	5	<u>(8,483)</u>	<u>(3,612)</u>
Profit after taxation		91,460	83,633
Minority interests		<u>1,995</u>	<u>8</u>
Profit attributable to shareholders	6	93,455	83,641
Dividends	7	<u>(54,925)</u>	<u>(11,762)</u>
Profit for the year retained		<u>38,530</u>	<u>71,879</u>
Earnings per share	8	<u>24 cents</u>	<u>21 cents</u>

## Consolidated Balance Sheet

As at 31st March 2001

	Note	2001 HK\$'000	2000 HK\$'000
Intangible assets	10	610,000	645,000
Fixed assets	11	397,754	424,446
Interests in associated companies	13	25,746	–
Current assets			
Inventories	14	49,793	43,262
Other trading investments	15	427	577
Accounts receivable, deposits and prepayments	16	170,369	201,732
Tax recoverable		2,658	3,159
Cash and bank balances	17	342,458	250,646
		565,705	499,376
Current liabilities			
Accounts payable and accrued charges	18	115,213	138,475
Taxation payable		1,119	2,070
Dividend payable	7	31,388	–
Proposed dividend	7	11,770	11,762
Short-term bank loans and overdrafts - secured		159,056	148,577
Current portion of long-term liabilities	21	44,111	36,815
		362,657	337,699
Net current assets		203,048	161,677
		<u>1,236,548</u>	<u>1,231,123</u>
Financed by:			
Share capital	19	39,234	39,197
Reserves	20	1,175,524	1,135,558
Shareholders' funds		1,214,758	1,174,755
Minority interests		11,297	103
Long-term liabilities	21	10,493	56,265
		<u>1,236,548</u>	<u>1,231,123</u>

On behalf of the Board

**TIONG Kiu King**  
Director

**TIONG Kiew Chiong**  
Director

# Balance Sheet

As at 31st March 2001

	Note	2001 HK\$'000	2000 HK\$'000
Interests in subsidiaries	12	1,298,107	1,422,921
Current assets			
Other trading investments	15	427	577
Accounts receivable, deposits and prepayments	16	549	400
Cash and bank balances		210,218	124,375
Dividend receivable		—	12,000
		211,194	137,352
Current liabilities			
Amounts due to subsidiaries		7,088	3,471
Accounts payable and accrued charges	18	5,033	4,787
Dividend payable	7	31,388	—
Proposed dividend	7	11,770	11,762
Short-term bank loan – secured		101,400	101,010
Current portion of long-term liabilities	21	41,488	35,780
		198,167	156,810
Net current assets/(liabilities)		13,027	(19,458)
		<u>1,311,134</u>	<u>1,403,463</u>
Financed by:			
Share capital	19	39,234	39,197
Reserves	20	1,271,900	1,313,904
Shareholders' funds		1,311,134	1,353,101
Long-term liabilities	21	—	50,362
		<u>1,311,134</u>	<u>1,403,463</u>
On behalf of the Board			

**TIONG Kiu King**  
Director

**TIONG Kiew Chiong**  
Director



## Consolidated Cash Flow Statement

For the year ended 31st March 2001

	Note	2001 HK\$'000	2000 HK\$'000
Net cash inflow from operating activities	22(a)	86,971	109,614
Returns on investments and servicing of finance			
Interest received		16,425	8,691
Interest on bank loans and overdrafts		(14,711)	(15,198)
Dividends received from other trading investments		32	74
Dividends paid		(23,529)	—
Net cash outflow from returns on investments and servicing of finance		(21,783)	(6,433)
Taxation			
Hong Kong profits tax (paid)/refund		(9,300)	5,502
Overseas tax refund/(paid)		367	(920)
Total tax (paid)/refund		(8,933)	4,582
Investing activities			
Purchase of fixed assets		(23,462)	(13,087)
Proceeds from disposal of fixed assets		18,717	2,562
Proceeds from disposal of other trading investments		—	13,343
Disposal/dilution of interests in subsidiaries	22(d)	76,495	100,000
Advance to an associated company		(2,818)	—
Redemption of deferred shares of a subsidiary		(3)	—
Net cash inflow from investing activities		68,929	102,818
Net cash inflow before financing carried forward to page 29		125,184	210,581

## Consolidated Cash Flow Statement (Cont'd)

For the year ended 31st March 2001

	Note	2001 HK\$'000	2000 HK\$'000
Net cash inflow before financing brought forward from page 28		125,184	210,581
Financing	22(b)		
Proceeds from shares issued on exercise of share options		650	2,247
Repayment of bank loans		(45,879)	(35,024)
New bank loans raised		14,101	—
Net cash outflow from financing		(31,128)	(32,777)
Increase in cash and cash equivalents		94,056	177,804
Cash and cash equivalents at beginning of the year		133,643	(44,215)
Effect of foreign exchange rate changes		1,379	54
Cash and cash equivalents at end of the year		<u>229,078</u>	<u>133,643</u>
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		342,458	250,646
Bank loans and overdrafts		(113,380)	(117,003)
		<u>229,078</u>	<u>133,643</u>

## Consolidated Statement of Recognised Gains and Losses

For the year ended 31st March 2001

	Note	2001 HK\$'000	2000 HK\$'000
Net exchange losses arising on translation of overseas subsidiaries — not recognised in the consolidated profit and loss account	20	(194)	(1,112)
Profit attributable to shareholders	20	<u>93,455</u>	<u>83,641</u>
Total recognised gains		93,261	82,529
Reversal of goodwill previously taken to reserve upon disposal of a subsidiary	20	74	—
Release of exchange reserve upon disposal of a subsidiary	20	<u>943</u>	<u>—</u>
		<u><u>94,278</u></u>	<u><u>82,529</u></u>

## 1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated accounts are set out below:

### (a) Basis of preparation

The accounts are prepared under the historical cost convention as modified by the revaluation of properties and other trading investments. The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants.

### (b) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate, apart from the Group's reorganisation which took place in 1991 and was accounted for using merger accounting.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets at the date of disposal together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated profit and loss account.

A subsidiary is a company in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors.

Minority interests represent the interests of outside members in the operating results and net assets of the subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision, if necessary, for any permanent diminution in value. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### (c) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long-term and significant influence is exercised on its management.

The consolidated profit and loss account includes the Group's share of results of the associated companies for the year and the consolidated balance sheet includes the Group's share of the net assets of the associated companies.

In the Company's balance sheet, the investments in associated companies are stated at cost less provision, if necessary, for any permanent diminution in value. The results of associated companies are accounted for by the Company on the basis of dividends received and receivable.

## 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (d) Revenue recognition

Revenue from the circulation and subscription sales of newspapers, periodicals and books is recognised on the transfer of risks and rewards of ownership which generally coincides with the date of delivery. Unearned subscription fees received from subscribers are recorded as subscriptions received in advance under accounts payable and accrued charges in the balance sheet.

Advertising income is recognised as and when the newspapers and periodicals are published.

Revenue from packaged tour operations is recognised upon the departure of tours. Revenue from the provision of other travel related services is recognised upon the delivery of services.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and interest rates applicable.

Rental income, management fee income and commission income are recognised on an accrual basis.

Dividend income is recognised when the right to receive payment is established.

### (e) Intangible assets - publishing titles

The Group's publishing titles are stated at cost or valuation and no amortisation is provided thereon since, in the opinion of the directors, these publishing titles do not have a finite useful economic life.

### (f) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed, and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties held on leases with unexpired periods greater than 20 years are revalued annually by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuations are credited to the investment properties revaluation reserve. Decreases in valuations are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Investment properties are not depreciated except where the unexpired term of the lease is 20 years or less in which case depreciation is provided on the carrying amount over the remaining term of the lease.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained earnings and is shown as a movement in reserves.

## 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (g) Property under development

Property under development is investment in land and buildings under construction. Property under development is stated at cost less provision for diminution in value. Costs include attributable interest and professional charges capitalised during the construction period. No depreciation is provided on property under development.

### (h) Properties, plant and equipment

Fixed assets other than investment properties are stated at cost less accumulated depreciation.

Other properties are interests in freehold and leasehold land and buildings. Other properties are stated at valuation, being the fair value at the date of revaluation, less accumulated amortisation or depreciation and any provisions required to reflect recoverable amount. Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction and is determined on the basis of existing use.

Effective from 30th September 1995, no further revaluations of the Group's freehold and leasehold land and buildings other than investment properties have been carried out. The Group places reliance on paragraph 72 of SSAP 17 which provides exemption from the need to make regular revaluations for such assets.

Freehold land is not amortised. Freehold buildings are depreciated on a straight-line basis over their expected useful lives to the Group, the principal annual rate used for this purpose is 2.5%.

Leasehold land and buildings/improvements are depreciated on a straight-line basis over the unexpired periods of the leases or their expected useful lives to the Group whichever is shorter. Other fixed assets are depreciated at rates sufficient to write off their cost over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold land and buildings	2% – 2.6%
Leasehold improvements	15% – 33.33%
Furniture and fixtures	10% – 33.33%
Machinery and printing equipment	6.67% – 33.33%
Motor vehicles	25%

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flow have not been discounted in determining the recoverable amount.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.



## 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (i) Assets under leases

#### (i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease periods.

#### (ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

### (j) Other trading investments

Other trading investments are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the profit and loss account. Profits or losses on disposal of other investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

### (k) Inventories

Inventories comprise raw materials and finished goods and are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, is arrived at by reference to the suppliers' invoiced cost. Net realised value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

### (l) Borrowing costs

Borrowing costs incurred on property under development which takes a substantial period of time to get ready for its intended use or sale are capitalised into the carrying value of the property under development. Interest is capitalised at the interest rate applicable to specific development borrowings. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

## 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

### (m) Pension cost

The Group's contributions to retirement schemes are expensed as incurred, and the assets of the schemes are held separately from those of the Group in independently administered funds.

### (n) Accounts receivable

Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheet is stated net of such provision.

### (o) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash net of bank overdrafts, trust receipts loans and short-term highly liquid investments, which are readily convertible into cash and have original maturities of three months or less at the date of acquisition. In the balance sheet, bank overdrafts and trust receipts loans are included in borrowings in current liabilities. Cash equivalents are stated at cost, which approximates their fair value because of the short-term maturity of these investments.

### (p) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

### (q) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of overseas subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with as movements in reserves.

### (r) Comparative figures

Certain comparative figures in the consolidated profit and loss account have been reclassified to conform with the current year's presentation. The changes included the re-classification of direct overheads in the production and editorial departments from administrative expenses and other operating expenses to cost of sales, and the exclusion of rental and management fee income from turnover as property investment is no longer considered part of the core business of the Group. The new classification of the accounting items was considered to provide a more appropriate presentation of the Group's operating results.

## 2 REVENUES AND TURNOVER

The Group is principally engaged in the publication of Chinese newspapers, periodicals and books and provision of travel and travel related services. Revenues recognised during the year are as follows:

	2001 HK\$'000	2000 HK\$'000
Turnover		
Sales of newspapers, periodicals and books, net of trade discounts and returns	228,069	221,309
Advertising income, net of trade discounts	598,703	567,920
Travel and travel related services income	391,568	363,364
	<u>1,218,340</u>	<u>1,152,593</u>
Other revenues		
Rental and management fee income	892	3,317
Interest income	16,425	8,691
Dividend income	32	74
Commission income	1,504	1,542
	<u>18,853</u>	<u>13,624</u>
Total revenues	<u><u>1,237,193</u></u>	<u><u>1,166,217</u></u>

## 2 REVENUES AND TURNOVER (Cont'd)

An analysis of the Group's turnover and contribution to profit before taxation for the year by principal activities and markets is as follows:

	Turnover		Profit/(loss) before taxation	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
<b>Principal activities:</b>				
Publishing	803,056	787,444	71,184	62,759
Travel and travel related services	366,540	363,364	4,994	1,999
Internet businesses (Note)	48,744	1,785	(33,228)	(6,985)
	<u>1,218,340</u>	<u>1,152,593</u>	<u>42,950</u>	<u>57,773</u>
Provision for losses on investments	–	–	–	(26,020)
Provision for diminution in value on property under development	–	–	–	(44,500)
Gain on disposal/dilution of interests in subsidiaries	–	–	56,993	99,992
	<u>1,218,340</u>	<u>1,152,593</u>	<u>99,943</u>	<u>87,245</u>
<b>Principal markets:</b>				
Hong Kong	859,646	816,057	110,779	93,347
Canada	224,215	214,475	10,366	10,525
The United States of America	107,409	91,105	(17,993)	(21,187)
The Mainland China	27,070	30,956	(3,209)	4,560
	<u>1,218,340</u>	<u>1,152,593</u>	<u>99,943</u>	<u>87,245</u>

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

### 3 OPERATING PROFIT

	Group	
	2001 HK\$'000	2000 HK\$'000
Operating profit is stated after crediting and charging the following:		
<b>Crediting</b>		
Gain on disposal/dilution of interests in subsidiaries	56,993	99,992
Net exchange gain	7,399	–
Gain on disposals of other trading investments	–	11,564
Reversal of provision for unrealised loss on other trading investments	–	25
<b>Charging</b>		
Auditors' remuneration		
– current year	2,093	1,642
– overprovision for previous years	(218)	(962)
Cost of inventories sold	175,687	157,558
Depreciation of fixed assets	34,822	34,456
Staff costs, including directors' emoluments ( <i>Note</i> )	346,798	319,558
Provision for losses on investments	–	26,020
Provision for diminution in value on property under development	–	44,500
Operating lease expenses		
– land and buildings	5,871	3,849
– plant and machinery	20	30
Outgoings in respect of investment properties	7	7
Provision for doubtful debts	5,831	2,235
Write-off and amortisation of deferred expenditure	–	5,086
Net exchange loss	–	5,467
Deficit on revaluation of investment properties not covered by previous surplus	60	200
Loss on disposals of fixed assets	2,386	2,366

*Note:* Included in staff costs is retirement benefit expenses of HK\$8,739,000 (2000: HK\$8,232,000).

### 4 FINANCE COSTS

	Group	
	2001 HK\$'000	2000 HK\$'000
Interest expenses on bank loans and overdrafts	14,711	15,198

## 5 TAXATION

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

	Group	
	2001 HK\$'000	2000 HK\$'000
Hong Kong profits tax		
– current year	3,538	2,297
– under provision in previous years	4,859	1,184
Overseas taxation		
– current year	523	–
– (over)/under provision in previous years	(437)	131
Taxation charge	<u>8,483</u>	<u>3,612</u>

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits of the companies within the Group operating in Hong Kong for the year.

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.

## 6 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of a profit of HK\$12,308,000 (2000: HK\$5,649,000).

## 7 DIVIDENDS

	2001 HK\$'000	2000 HK\$'000
Interim of HK3 cents (2000: Nil) per ordinary share	11,767	–
Special of HK8 cents (2000: Nil) per ordinary share	31,388	–
Final, proposed, of HK3 cents (2000: HK3 cents) per ordinary share	<u>11,770</u>	<u>11,762</u>
	<u>54,925</u>	<u>11,762</u>

## 8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders for the year of HK\$93,455,000 (2000: HK\$83,641,000) and the weighted average of 392,173,770 shares (2000: 390,583,440 shares) in issue during the year.

Diluted earnings per share is not shown as there is no material dilution effect arising from the share options granted by the Company.

## 9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

- (a) The aggregate amounts of the directors' emoluments pursuant to Section 161 of the Hong Kong Companies Ordinance are as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Directors' fees	240	270
Other emoluments		
– Basic salaries, housing allowances, other allowances and benefits in kind	3,531	2,886
Pension contributions	86	43
	<u>3,857</u>	<u>3,199</u>

Directors' fees were paid to independent non-executive directors.

- (b) The emoluments of the directors fell within the following bands:

Emoluments bands	Number of directors	
	2001	2000
From Nil to HK\$1,000,000	5	8
From HK\$1,000,001 to HK\$1,500,000	–	–
From HK\$1,500,001 to HK\$2,000,000	2	–
From HK\$2,000,001 to HK\$2,500,000	–	1
	<u>–</u>	<u>1</u>

No directors waived any emoluments in respect of the years ended 31st March 2001 and 2000.

## 9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Cont'd)

- (c) The five individuals whose emoluments were the highest in the Group for the year include an executive director whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining four (2000: four) individuals during the year are as follows:

	2001 HK\$'000	2000 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	7,249	6,484
Pension contributions	251	299
	<u>7,500</u>	<u>6,783</u>

The emoluments of the four individuals fell within the following bands:

Emoluments bands	Number of individuals	
	2001	2000
From HK\$1,500,001 to HK\$2,000,000	4	3
From HK\$2,000,001 to HK\$2,500,000	<u>0</u>	<u>1</u>

## 10 INTANGIBLE ASSETS

		Group	
	Note	2001 HK\$'000	2000 HK\$'000
Publishing titles			
– at professional valuation	(a) & 20	600,000	600,000
– at directors' valuation on acquisition of a subsidiary	(b)	10,000	10,000
– at cost		<u>–</u>	<u>35,000</u>
		<u>610,000</u>	<u>645,000</u>

- (a) The Group's principal publishing titles of HK\$600,000,000 were revalued by Arthur Andersen & Co., Certified Public Accountants, at 30th September 1995 on a fair market value in use basis. At 31st March 2000, the publishing titles were revalued by Arthur Andersen & Co. on the same basis as stated above at HK\$829,000,000. This revaluation has not been incorporated in the accounts. On the basis of the above, no amortisation or provision for diminution in value is made for the Group's principal publishing titles in the accounts.
- (b) The directors valued the publishing title of a subsidiary acquired in 1992 at HK\$10,000,000 with reference to the total consideration paid for this subsidiary.



## 11 FIXED ASSETS

	Group									
	Properties (Note 23)									
	Freehold land and buildings outside Hong Kong	Land and buildings held on long term leases outside Hong Kong	Land and buildings held on long term leases in Hong Kong	Land and buildings held on medium term leases outside Hong Kong	Investment properties in Hong Kong	Property under development in Hong Kong	Leasehold improvements, furniture, and fixtures and equipment	Machinery and printing equipment (Note 23)	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation										
At 1st April 2000	19,934	38,703	282,098	3,710	600	65,398	83,285	193,140	4,749	691,617
Reclassification	-	-	-	-	-	-	15,434	(15,434)	-	-
Additions	-	-	-	-	-	65	21,947	8,998	336	31,346
Revaluation adjustment	-	-	-	-	(60)	-	-	-	-	(60)
Exchange adjustment	(1,289)	-	-	-	-	-	(2,425)	(2,035)	(27)	(5,776)
Disposals	-	-	-	-	-	(65,463)	(7,863)	(731)	(193)	(74,250)
At 31st March 2001	18,645	38,703	282,098	3,710	540	-	110,378	183,938	4,865	642,877
Aggregate depreciation/ amortisation										
At 1st April 2000	908	3,505	31,135	428	-	44,500	64,415	118,661	3,619	267,171
Reclassification	-	-	-	-	-	-	14,345	(14,345)	-	-
Charge for the year	205	779	7,780	95	-	-	13,523	11,992	448	34,822
Revaluation adjustment	-	-	-	-	-	-	-	-	-	-
Exchange adjustment	(117)	-	-	-	-	-	(2,302)	(1,279)	(25)	(3,723)
Disposals	-	-	-	-	-	(44,500)	(7,723)	(731)	(193)	(53,147)
At 31st March 2001	996	4,284	38,915	523	-	-	82,258	114,298	3,849	245,123
Net book value										
At 31st March 2001	17,649	34,419	243,183	3,187	540	-	28,120	69,640	1,016	397,754
At 31st March 2000	19,026	35,198	250,963	3,282	600	20,898	18,870	74,479	1,130	424,446

## 11 FIXED ASSETS (Cont'd)

The analysis of the cost or valuation of the above assets at 31st March 2001 is as follows:

	Freehold land and buildings outside Hong Kong HK\$'000	Land and buildings held on long term leases outside Hong Kong HK\$'000	Land and buildings held on long term leases in Hong Kong HK\$'000	Land and buildings held on medium term leases outside Hong Kong HK\$'000	Investment properties in Hong Kong HK\$'000	Property under development in Hong Kong HK\$'000	Leasehold improve- ments, furniture, and fixtures and equipment Hong Kong HK\$'000	Machinery and printing equipment (Note 23) HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At cost	545	-	6,474	-	-	-	110,378	183,938	4,865	306,200
At professional valuation										
- 1995	18,100	38,703	275,624	3,710	-	-	-	-	-	336,137
- 2001	-	-	-	-	540	-	-	-	-	540
	<u>18,645</u>	<u>38,703</u>	<u>282,098</u>	<u>3,710</u>	<u>540</u>	<u>-</u>	<u>110,378</u>	<u>183,938</u>	<u>4,865</u>	<u>642,877</u>

The analysis of the cost or valuation of the above assets at 31st March 2000 is as follows:

At cost	545	-	6,474	-	-	65,398	83,285	193,140	4,749	353,591
At professional valuation										
- 1995	19,389	38,703	275,624	3,710	-	-	-	-	-	337,426
- 2000	-	-	-	-	600	-	-	-	-	600
	<u>19,934</u>	<u>38,703</u>	<u>282,098</u>	<u>3,710</u>	<u>600</u>	<u>65,398</u>	<u>83,285</u>	<u>193,140</u>	<u>4,749</u>	<u>691,617</u>

- (a) All freehold and leasehold land and buildings were revalued by Vigers Hong Kong Limited and Royal LePage Appraisal & Consulting Services, independent international property consultants, on an open market value basis at 30th September 1995.

All investment properties of the Group were revalued by DTZ Debenham Tie Leung Limited, independent international surveyors and valuers, on an open market value basis at 31st March 2001 for existing use.

- (b) The carrying values of machines purchased under finance leases are HK\$8,526,000 (2000: Nil).
- (c) The carrying amounts of land and buildings, other than investment properties and property under development, would have been HK\$181,682,000 (2000: HK\$187,203,000) had they been stated at cost less accumulated depreciation.

## 12 INTERESTS IN SUBSIDIARIES

	Company	
	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	745,171	745,171
Amounts due from subsidiaries:		
– interest free	313,793	337,977
– interest bearing at 6.1% (2000: 4.125%) per annum	239,143	339,773
	<u>1,298,107</u>	<u>1,422,921</u>

The amounts due from subsidiaries are unsecured and are not repayable within the next twelve months.

Details of the Company's principal subsidiaries are set out in note 29 to the accounts.

## 13 INTERESTS IN ASSOCIATED COMPANIES

		Group	
	Note	2001 HK\$'000	2000 HK\$'000
Share of net assets other than goodwill	(a)	17,500	–
Amount due from an associated company	(b)	8,246	–
Loans to an associated company	(b)	19,100	19,100
		<u>44,846</u>	<u>19,100</u>
Less: Provision against loans to an associated company		<u>(19,100)</u>	<u>(19,100)</u>
		<u>25,746</u>	<u>–</u>

### 13 INTERESTS IN ASSOCIATED COMPANIES (Cont'd)

(a) The following is a list of the Group's associated companies at 31st March 2001:

Name	Place of establishment/ operation	Effective equity interest %	Issued/ registered capital	Nature of business
Yazhou Zhoukan Holdings Limited	British Virgin Islands	48.525	HK\$10,000	Investment holding
Yazhou Zhoukan Limited*	Hong Kong	48.525	HK\$9,500	Magazine publisher
亞週股份有限公司*	Taiwan	48.525	NT\$5,000,000	Magazine distributor
Dazzling Sunshine Limited	Hong Kong	33.33	HK\$1,500	Golf club investment
View On Trading Limited	Hong Kong	30.00	HK\$100	Golf club investment
Guangzhou South China Golf Club Co., Ltd	The Mainland China	30.00	US\$8,000,000	Golf club operations

\* At 31st March 2000, the Group had 100% equity interests in these companies and regarded them as subsidiaries of the Group. In the year ended 31st March 2001, the Group disposed of 51.475% interest in each of these companies, and thereafter these companies were regarded as associated companies of the Group.

(b) The loans to and amount due from associated companies are unsecured, interest free and not repayable within the next twelve months.

### 14 INVENTORIES

	Group	
	2001 HK\$'000	2000 HK\$'000
Raw materials	44,912	37,996
Finished goods	4,881	5,266
	<u>49,793</u>	<u>43,262</u>

At 31st March 2001, the carrying amounts of inventories that are carried at net realisable value amounted to HK\$1,587,000 (2000: HK\$1,991,000).

## 15 OTHER TRADING INVESTMENTS

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Hong Kong listed shares, at fair value	<u>427</u>	<u>577</u>	<u>427</u>	<u>577</u>

## 16 ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Accounts receivable (Note)	140,611	164,711	–	–
Deposits and prepayments	<u>29,758</u>	<u>37,021</u>	<u>549</u>	<u>400</u>
	<u>170,369</u>	<u>201,732</u>	<u>549</u>	<u>400</u>

Note:

The Group allows in general a credit period of up to 90 days to its trade customers. At 31st March 2001, the ageing analysis of the Group's accounts receivable is as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
0 to 60 days	89,237	100,611
61 to 120 days	38,625	44,803
121 to 180 days	9,878	16,794
Over 180 days	<u>2,871</u>	<u>2,503</u>
	<u>140,611</u>	<u>164,711</u>

## 17 CASH AND BANK BALANCES

Included in the cash and bank balances of the Group are cash and bank deposits denominated in Renminbi placed with banks in The Mainland China amounted to HK\$14,778,000 (2000: HK\$14,993,000).

## 18 ACCOUNTS PAYABLE AND ACCRUED CHARGES

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Accounts payable ( <i>Note</i> )	50,970	51,640	—	—
Accrued charges	64,243	86,835	5,033	4,787
	<u>115,213</u>	<u>138,475</u>	<u>5,033</u>	<u>4,787</u>

*Note:*

At 31st March 2001, the ageing analysis of the Group's accounts payable is as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
0 to 60 days	47,183	45,386
61 to 120 days	2,611	3,226
121 to 180 days	1,176	1,446
Over 180 days	—	1,582
	<u>50,970</u>	<u>51,640</u>

## 19 SHARE CAPITAL

	Authorised ordinary shares of HK\$0.10 each	
	No. of shares	HK\$'000
At 31st March 2000 and 2001	<u>500,000,000</u>	<u>50,000</u>

	Issued and fully paid ordinary shares of HK\$0.10 each	
	2001	2000
	No. of shares	No. of shares
	HK\$'000	HK\$'000
At 1st April	391,972,000	390,345,000
Exercise of share options	373,000	1,627,000
At 31st March	<u>392,345,000</u>	<u>391,972,000</u>
	<u>39,234</u>	<u>39,035</u>

## 19 SHARE CAPITAL (Cont'd)

Pursuant to a Share Option Scheme (the "Scheme") approved at a special general meeting of the Company held on 21st February 1991, the directors may, at their discretion, invite full time employees including executive directors of the Company and its subsidiaries to take up options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The maximum number of shares in respect of which share options may be granted under the Scheme shall not exceed 10% of the share capital of the Company in issue from time to time.

During the year, 100,000 shares of HK\$0.10 each were issued at HK\$1.89 per share, 173,000 shares of HK\$0.10 each were issued at HK\$1.386 per share, and 100,000 shares of HK\$0.10 each were issued at HK\$2.219 per share as a result of the exercise of Company's share options. All share options that have not been exercised lapsed automatically on 20th February 2001, the expiry date of the Scheme.

Movements of the share options granted by the Company during the year were:

Date of grant	Exercise price per share HK\$	Number of shares involved in share options				Balance at 31st March 2001
		Balance at 1st April 2000	Granted during the year	Exercised during the year	Lapsed during the year	
1st June 1994	5.77	462,000	–	–	(462,000)	–
1st June 1995	4.04	49,000	–	–	(49,000)	–
1st June 1996	3.19	581,000	–	–	(581,000)	–
1st June 1997	1.89	100,000	–	(100,000)	–	–
1st June 1998	1.386	473,000	–	(173,000)	(300,000)	–
1st June 2000	2.219	–	1,694,000	(100,000)	(1,594,000)	–
		<u>1,665,000</u>	<u>1,694,000</u>	<u>(373,000)</u>	<u>(2,986,000)</u>	<u>–</u>

## 20 RESERVES

	Group								
	Share premium account HK\$'000	Property revaluation reserve HK\$'000	Publishing titles revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Difference arising on consolidation HK\$'000	Reserve arising on consolidation HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st April 1999	587,067	145,096	600,000	356	277	(22,400)	1,804	(249,494)	1,062,706
Premium on issue of shares	2,085	-	-	-	-	-	-	-	2,085
Profit attributable to shareholders	-	-	-	-	-	-	-	83,641	83,641
Dividend	-	-	-	-	-	-	-	(11,762)	(11,762)
Exchange adjustment	-	-	-	-	(1,112)	-	-	-	(1,112)
At 31st March 2000 (Note (c))	<u>589,152</u>	<u>145,096</u>	<u>600,000</u>	<u>356</u>	<u>(835)</u>	<u>(22,400)</u>	<u>1,804</u>	<u>(177,615)</u>	<u>1,135,558</u>
At 1st April 2000	589,152	145,096	600,000	356	(835)	(22,400)	1,804	(177,615)	1,135,558
Premium on issue of shares	613	-	-	-	-	-	-	-	613
Profit attributable to shareholders	-	-	-	-	-	-	-	93,455	93,455
Dividends	-	-	-	-	-	-	-	(54,925)	(54,925)
Goodwill reversed upon disposal of a subsidiary	-	-	-	-	-	-	74	-	74
Release of exchange reserve upon disposal of a subsidiary	-	-	-	-	943	-	-	-	943
Exchange adjustment	-	-	-	-	(194)	-	-	-	(194)
At 31st March 2001 (Note (c))	<u>589,765</u>	<u>145,096</u>	<u>600,000</u>	<u>356</u>	<u>(86)</u>	<u>(22,400)</u>	<u>1,878</u>	<u>(139,085)</u>	<u>1,175,524</u>



## 20 RESERVES (Cont'd)

	Company				
	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus account HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April 1999	587,067	356	200,379	530,130	1,317,932
Premium on issue of shares	2,085	–	–	–	2,085
Profit attributable to shareholders	–	–	–	5,649	5,649
Dividend	–	–	–	(11,762)	(11,762)
At 31st March 2000	<u>589,152</u>	<u>356</u>	<u>200,379</u>	<u>524,017</u>	<u>1,313,904</u>
At 1st April 2000	589,152	356	200,379	524,017	1,313,904
Premium on issue of shares	613	–	–	–	613
Profit attributable to shareholders	–	–	–	12,308	12,308
Dividends	–	–	–	(54,925)	(54,925)
At 31st March 2001	<u>589,765</u>	<u>356</u>	<u>200,379</u>	<u>481,400</u>	<u>1,271,900</u>

- (a) The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired, and represented the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act of 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders. At Group's level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.
- (b) Distributable reserves of the Company at 31st March 2001 amounted to HK\$681,779,000 (2000: HK\$724,396,000).
- (c) At 31st March 2001 and 2000, all reserves carried forward by the Group are retained by the Company and its subsidiaries.

## 21 LONG-TERM LIABILITIES

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Bank loans — secured				
Not wholly repayable				
within five years	46,720	93,080	41,488	86,142
Obligations under finance leases				
Wholly repayable				
within five years	7,884	—	—	—
	54,604	93,080	41,488	86,142
Current portion of				
long-term liabilities	(44,111)	(36,815)	(41,488)	(35,780)
	10,493	56,265	—	50,362

At 31st March 2001, the bank loans and other borrowings were repayable as follows:

	Group		Company	
	Bank loans		Obligations under finance leases	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
In the first year	41,908	36,815	2,203	—
In the second year	420	51,043	2,233	—
In the third to fifth year	1,260	1,367	3,448	—
After the fifth year	3,132	3,855	—	—
	46,720	93,080	7,884	—
			Company Bank loans	
			2001 HK\$'000	2000 HK\$'000
In the first year			41,488	35,780
In the second year			—	50,362
			41,488	86,142

## 22 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

## (a) Reconciliation of operating profit to net cash inflow from operating activities

	2001 HK\$'000	2000 HK\$'000
Operating profit	114,659	102,443
Provision for losses on investments	—	26,020
Provision for diminution in value on property under development	—	44,500
Provision/(Reversal of provision) for unrealised loss on other trading investments	150	(25)
Deficit on revaluation of investment properties	60	200
Gain on disposal/dilution of interests in subsidiaries	(56,993)	(99,992)
Gain on disposals of other trading investments	—	(11,564)
Reversal of goodwill previously taken to reserve upon disposal of a subsidiary	74	—
Dividends received from other trading investments	(32)	(74)
Interest income	(16,425)	(8,691)
Depreciation of fixed assets	34,822	34,456
Amortisation and written off of deferred expenditure	—	5,086
Loss on disposals of fixed assets	2,386	2,366
(Increase)/decrease in inventories	(11,079)	1,089
Decrease in accounts receivable, deposits and prepayments	29	6,458
Increase in accounts payable and accrued charges	19,320	7,342
Net cash inflow from operating activities	<u>86,971</u>	<u>109,614</u>

## (b) Analysis of changes in financing during the year

	Share capital and share premium		Bank loans and trust receipts loans		Obligations under finance leases	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
At 1st April	628,349	626,102	124,654	159,678	—	—
Exchange differences	—	—	(480)	—	—	—
Net cash outflow from financing	—	—	(31,778)	(35,024)	—	—
Shares issued on exercise of share options	650	2,247	—	—	—	—
Inception of finance leases	—	—	—	—	7,884	—
At 31st March	<u>628,999</u>	<u>628,349</u>	<u>92,396</u>	<u>124,654</u>	<u>7,884</u>	<u>—</u>

## 22 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

## (c) Disposal/dilution of interests in subsidiaries

	2001 HK\$'000
Net assets disposed of:	
Intangible asset	35,000
Inventories	4,548
Accounts receivable, deposits and prepayments	31,329
Cash ( <i>Note (d)</i> )	4,060
Accounts payable and accrued charges	(42,582)
Exchange reserve	943
	<hr/>
	33,298
Gain on disposal/dilution of interests in subsidiaries	56,993
Minority interests	13,192
Investment in associated companies	(17,505)
Amount due from an associated company	(5,423)
	<hr/>
	80,555
	<hr/>
Satisfied by:	
Cash, net of legal expenses	80,555
	<hr/>

## (d) Net increase in cash from the disposal/dilution of interests in subsidiaries

	2001 HK\$'000
Cash consideration net of legal expenses ( <i>Note (c)</i> )	80,555
Less: Cash in subsidiaries disposed of	(4,060)
	<hr/>
	76,495
	<hr/>

## (e) Major non-cash transactions

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$7,884,000 (2000: Nil).

## 23 BANKING FACILITIES AND PLEDGE OF ASSETS

At 31st March 2001, the Group's trust receipts loans, bank loans and overdrafts are secured by the following:

- (a) certain machinery and printing equipment with net book value of HK\$28,456,000 at 31st March 2001 (*Note 11*);
- (b) first legal charges on certain of the Group's freehold and leasehold land and buildings and investment properties with an aggregate carrying value of HK\$297,399,000 at 31st March 2001 (*Note 11*) and assignment of rental income derived therefrom;
- (c) first legal charges on the Group's publishing titles at an aggregate carrying value of HK\$600,000,000 at 31st March 2001 (*Note 10(a)*);
- (d) general security agreements under which all the assets of certain subsidiaries with net book value of HK\$62,173,000 at 31st March 2001 (including HK\$16,610,000 attributable to freehold properties disclosed under *Note (b)* above) were pledged to certain banks;
- (e) certain bank deposits and accounts receivable of a subsidiary totalling HK\$790,400 at 31st March 2001; and
- (f) corporate guarantees issued by the Company.

## 24 DEFERRED TAXATION

Analysis of provision for deferred taxation and potential deferred taxation assets:

	Group			
	2001		2000	
	Potential assets/ (liabilities) HK\$'000	Provision made HK\$'000	Potential assets/ (liabilities) HK\$'000	Provision made HK\$'000
Accelerated capital allowances	(12,062)	—	(7,392)	—
Tax losses	23,474	—	32,058	—
Others	—	—	343	—
	<u>11,412</u>	<u>—</u>	<u>25,009</u>	<u>—</u>

- (a) Potential deferred taxation assets and liabilities have not been recognised in the accounts as it is uncertain whether these amounts will crystallise in the foreseeable future.
- (b) The revaluation of the Group's properties does not constitute a timing difference for deferred taxation purposes as realisation of the revaluation surplus would not result in a taxation liability.

## 25 COMMITMENTS

### (a) Operating lease commitments

At 31st March 2001, the Group had commitments to make payments in the next twelve months under operating leases for office and warehouse premises which expire as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Within the first year	2,335	1,268
In the second to fifth year inclusive	3,147	4,203
	<u>5,482</u>	<u>5,471</u>

### (b) Financial commitments

At 31st March 2001, the Group was committed to advance to an associated company an amount of HK\$3,900,000 (2000: HK\$3,900,000) for investment purposes.

## 26 CONTINGENT LIABILITIES

At 31st March 2001, the Company had contingent liabilities in respect of guarantees given in favour of certain of its subsidiaries totalling HK\$119,747,000 (2000: HK\$85,623,000) in consideration of general banking facilities granted to those subsidiaries. Such facilities utilised at 31st March 2001 amounted to HK\$58,792,000 (2000: HK\$42,977,000).

## 27 ULTIMATE HOLDING COMPANY

The directors regard Conch Company Limited, a company incorporated in British Virgin Islands, as being the ultimate holding company.

## 28 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 5th July 2001.

## 29 PARTICULARS OF PRINCIPAL SUBSIDIARIES

- (a) At 31st March 2001, particulars of the Company's principal subsidiaries that are incorporated in Hong Kong are as follows:

<u>Name of subsidiary</u>	<u>Issued and fully paid share capital</u>	<u>Effective equity interest</u>	<u>Nature of business</u>
		%	
<i>Indirect subsidiaries:</i>			
Centricon Enterprises Limited	HK\$2	100	Property investment
Charming Holidays Limited	HK\$500,000	100	Provision of travel and travel related services
Charming Holidays (North America) Limited	HK\$2	100	Investment holding
Charming Online Travel Limited	HK\$800,000	94.1	Provision of travel and travel related services
Cheerlane Development Limited	HK\$2	100	Property investment
Holgain Limited	HK\$20	100	Property investment
Intelligent Printing Limited	HK\$2	100	Investment holding
Intelligent Publications (China) Limited	HK\$1,000,000	100	Investment holding
Kin Ming Printing Company Limited	HK\$10,000	100	Provision of printing services
Lisport Company Limited	HK\$1,650,000	100	Magazine publisher
Maribo Brief Limited	HK\$2	100	Property investment
Ming Pao Holdings Limited	Ordinary HK\$900,000 Deferred HK\$100,000	100	Investment holding
Ming Pao Magazines Limited	HK\$10	100	Magazines publisher
Ming Pao Newspapers Limited	HK\$2	100	Newspaper publisher
Ming Pao Publications Limited	HK\$10	100	Books publisher
Mingpao.com Limited	HK\$2	88.2	Provision of Internet services
Perfect Gain Development Limited	HK\$2	100	Property investment

## 29 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Cont'd)

- (b) At 31st March 2001, particulars of the Company's principal subsidiaries that are incorporated outside Hong Kong are as follows:

Name of subsidiary	Place of establishment/ operation	Issued and fully paid share capital	Effective equity interest	Nature of business
			%	
<i>Direct subsidiary:</i>				
Ming Pao International Investment Limited	British Virgin Islands	US\$10	100	Investment holding
<i>Indirect subsidiaries:</i>				
Delta Tour & Travel Services (Canada), Inc.	Canada	CAD\$530,000	99.82	Provision of travel and travel related services
Delta Tour & Travel Services, Inc.	The United States of America	US\$300,500	99.9	Provision of travel and travel related services
Delta Tour & Travel Services (New York), Inc.	The United States of America	US\$10,000	99.9	Provision of travel and travel related services
First Collection Limited	British Virgin Islands	US\$1	100	Investment holding
Guangzhou Kin Ming Printing Limited*	The Mainland China	HK\$25,000,000	100	Provision of printing services
Ming Pao Finance Limited	British Virgin Islands	US\$10	100	Publishing titles holding
Ming Pao Holdings (Canada) Limited	Canada	CAD\$1	100	Investment holding
Ming Pao Newspapers (Canada) Limited	Canada	CAD\$11	100	Newspaper publisher
Ming Pao (New York) Inc.	The United States of America	US\$1	100	Newspaper publisher
Mingpao.com Holdings Limited	Cayman Islands	HK\$79,572	88.2	Investment holding

*Note:* All companies operate in their respective places of incorporation or establishment, except for Ming Pao International Investment Limited, Ming Pao Finance Limited, Mingpao.com Holdings Limited and First Collection Limited, which operate principally in Hong Kong.

\* The subsidiary was established in The Mainland China in the form of a wholly foreign owned company. The subsidiary adopted an accounting date of 31st December. The directors consider that the subsidiary's financial year could not be co-terminus with that of the Company for the reason of compliance with local regulations.

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the Group's results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.



The results of the Group for the last five financial years are as follows:

	Year ended 31st March				
	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000	1997 HK\$'000
Turnover	<u>1,218,340</u>	<u>1,152,593</u>	<u>1,105,704</u>	<u>1,220,207</u>	<u>1,257,990</u>
Profit/(loss) attributable to shareholders	<u>93,455</u>	<u>83,641</u>	<u>(24,387)</u>	<u>(166,938)</u>	<u>2,787</u>
Earnings/(loss) per share	<u>24 cents</u>	<u>21 cents</u>	<u>(6 cents)</u>	<u>(43 cents)</u>	<u>1 cent</u>

The assets and liabilities of the Group for the last five financial years are as follows:

	As at 31st March				
	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000	1997 HK\$'000
Intangible assets	610,000	645,000	645,000	645,000	645,000
Fixed assets	397,754	424,446	494,199	571,667	581,081
Interests in associated companies	25,746	–	19,100	19,100	19,100
Deferred expenditure	–	–	5,086	6,105	11,660
Current assets	565,705	499,376	346,925	337,980	531,552
Current liabilities	<u>(362,657)</u>	<u>(337,699)</u>	<u>(312,308)</u>	<u>(337,551)</u>	<u>(332,563)</u>
Net current assets	<u>203,048</u>	<u>161,677</u>	<u>34,617</u>	<u>429</u>	<u>198,989</u>
	1,236,548	1,231,123	1,198,002	1,242,301	1,455,830
Minority interests	(11,297)	(103)	(103)	(103)	(1,729)
Long-term liabilities	<u>(10,493)</u>	<u>(56,265)</u>	<u>(96,158)</u>	<u>(117,361)</u>	<u>(159,296)</u>
Net assets	<u>1,214,758</u>	<u>1,174,755</u>	<u>1,101,741</u>	<u>1,124,837</u>	<u>1,294,805</u>