

ORIENTAL PRESS GROUP LTD :
A LOSER IS A LOSER IS A LOSER IS A LOSER IS A LOSER IS A LOSER

It may not seem too incredulous, at first, for one to hear that the losses of a publicly listed company in any one financial year were just about equal to the amount of money that was paid to the executive directors and senior executives of the company in that year.

But, when the losses in one financial year amount to about \$HK138.15 million, and the amount of money that was paid to the executive directors and senior executives comes up to about \$HK111.20 million, then one has to start to wonder: What in the world is going on?

This happened to be the case in respect of Oriental Press Group Ltd (Code: 18) which, in the 1999 Financial Year, ended March 31, 1999, reported its worst financial results in the past 5 Financial Years.

For the 2000 Financial Year, this newspaper and magazine publishing company, which produces and sells the best-selling Chinese newspaper in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), reported a Profit Attributable to Shareholders of about \$HK42.82 million.

The Profit was nothing about which to write home to mother because, as subscribers will note, later on in this analysis, among other things, the Profit was achieved on a record-breaking Turnover of about \$HK2.36 billion.

That would indicate that the Net Profit Margin, which was achieved in the 2000 Year, was about 1.81 percent.

Which must be considered totally unacceptable for any publishing company, especially one of this size and one, holding such a dominant place in its market.

But the Bottom Line was produced with a great deal of help from business aspects that were not related to the core business of the Company.

For one thing, the Company paid out only about \$HK24.10 million to its Directors as fees and salaries, with the Executive Directors, getting about 98.67 percent of that figure.

This \$HK24.10-million cash payout to Directors compared with \$HK70.02 million, that figure, having been paid out in the 1999 Year.

Within the 2 Financial Year, therefore, the Company reduced its payout to Directors by about \$HK45.92 million, or about 65.58 percent.

According to the 2000 Annual Report of Oriental Press, 3 Executive Directors took, as emoluments, a total of \$HK84 million between them in the 1999 Year ... in addition to fees and salaries.

The Report states that the 2 highest paid Executive Directors (they got, in aggregate, a total of \$HK65.50 million in emoluments in the 1999 Year) have since resigned.

One may assume that, had these Executive Directors not quit (or were pushed out, whatever may have been the case), then Oriental Press would have had another poor Year, with losses, approaching a similar level to that of the 1999 Year.

The situation in this Company must be considered totally unsatisfactory, from the point of view of profitability, but it would appear that the trouble is epidemic within the entire structure of the Management of this Company.

What The Company Publishes

Oriental Press makes no bones about its dislike for Mr Jimmy Lai's Next Media Ltd Group of Companies (Code: 282) (please see [TARGET Intelligence Report Volume II, Number 181 of September 22, 2000](#) for an analysis of this publicly listed Company) since Mr Lai and his competitor to Oriental Daily News, Apple Daily, got into fight after fight with Oriental Press over the past few years.

Oriental Press, aside from publishing Oriental Daily News, also publishes what it claims is the third, best-selling Chinese newspaper in the HKSAR: The Sun.

In addition, it publishes 'Eastweek', 'Oriental Sunday', 'East Touch' and 'The Sun Racing Journal'.

The Chairman of Oriental Press, Mr Lam Shun Choi, in his Chairman's Statement about the 2000 Year, had this to say about his publications:

"Eastweek" plays a leading role among similar kind of publications. Despite pernicious competition of other mediocre publications in the market, the circulation of "Eastweek" remains stable. "Eastweek" undertakes unending reform in its editorial contents as well as layout designs: firstly, qualitative improvement in the contents of current affairs and financial news and secondly, in enriching contents of its feature articles. The entertainment news is still being regarded as the best in comparison to the like publications. The in-depth reforms undertaken by "Eastweek" have earned numerous commendations from readers and advertisers, which further strengthened its leading position in the market.

"Oriental Sunday" is one of the best-selling feminine magazines in Hongkong, maintaining a steady circulation. "More" magazine, the supplement to "Oriental Sunday", is getting more popular among the in-fashion office ladies. "More" not only has established its own brand name, but its unique style and taste also enlarge the segments of its readers and increase circulation of "Oriental Sunday". As the feminine magazines market is actively expanding, there is plenty of room for growth of both "Oriental Sunday" and "More", and so their potentialities are yet to be further explored. In fact, "Oriental Sunday" and "More" did bring to the Group a stable circulation and advertising revenue.

"East Touch" remains the best seller among similar publications for youngsters. With its healthy image and unique characteristics, "East Touch" is not only popular with its young readers as well as the advertisers, but also becomes the object of imitation of numerous new publications in the market. Notwithstanding that, "East Touch" still maintains a steady growth in its advertisement volume with the aid of the two supplements, "Shopping Generation" and "Game Century", and keeps contributing to the Group substantial circulation and advertising revenue.

"The Sun Racing Journal" is an established horse racing journal in the market and has long been reputed for providing professional information on horse racing since its launch. In terms of circulation, "The Sun Racing Journal" ranks second best among similar publications. In the current racing season, the circulation of "The Sun Racing Journal" has been increasing at a steady pace, and this is especially so on racing days. Following the Group is developing its mega-portal, "The Sun Racing Journal" marches into another phase of development. The data bank on horse racing information compiled by "The Sun Racing Journal" has been highly regarded as the most comprehensive and complete set of data record.' (All errors and omissions in the above extracted text from the 2000 Annual Report of Oriental Press are for the account of Chairman Lam Sun Choi)

The reference to '*pernicious competition of other mediocre publications in the market*' must be another dig at Mr Jimmy Lai's Group and, though TARGET ... [CLICK TO ORDER FULL ARTICLE](#)

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