

Ming Pao Enterprise Corporation Limited

The Board of Directors of Ming Pao Enterprise Corporation Limited (“the Company”) announces the unaudited consolidated profit and loss account, condensed consolidated cash flow statement and consolidated statement of recognised gains and losses of the Company and its subsidiaries (“the Group”) for the six months ended 30 September 2000 and the unaudited consolidated balance sheet of the Group as at 30 September 2000, together with the comparative figures in 1999, as set out on pages 8 to 14 of this report.

Management commentary

Results summary

For the six months ended 30 September 2000, the Group’s unaudited consolidated turnover and profit attributable to shareholders amounted to HK\$666,448,000 and HK\$50,227,000, representing increases of 8.6% and 537% respectively over those of the same period last year. Included in the current period’s profit was a gain of HK\$24,495,000 arising from the dilution of shareholdings in the Group’s Internet business, “mingpao.com”. Basic earnings per share was HK12.8 cents, compared with HK2 cents for 1999.

Review of operations

Newspapers

The results of the newspaper sector for the period under review were encouraging. The turnover and net profit of Ming Pao Daily News in Hong Kong recorded growth of 17% and 131% respectively. These results were attributable to the Daily’s consistent high quality news services, and also its well-planned and aggressive marketing strategy. During the period, new features were added to enrich the Daily’s content and broad ranges of innovative and competitive advertising packages were offered for various sections of the Daily. At the same time, continuous circulation drives including free home delivery services and bundled subscription of the Daily with other sister publications of the Group were launched. The Daily’s circulation continued to achieve a healthy growth during the period.

The combined turnover of the Daily’s editions in Toronto and Vancouver rose by 7% during the period. This result was accomplished through good promotional efforts which, coupled with effective controls on the overall expenditure, resulted in a more than twofold increase in the combined operating profit of the two Canadian editions when compared with that in the corresponding period last year. The New York edition continued to expand its local market share. Its advertising and circulation revenues grew by 8% and 16% respectively during the period. The Group will continue to expand its circulation bases in North America and to strengthen its cost controls on the overseas editions with an aim of achieving further growth in revenues and profits.

To further improve the Daily’s operating efficiency and to cater for the increased circulation, the Group plans to enhance its existing printing facilities. Additional advanced printing machines have been purchased and are scheduled to be in operation in the second half of the year in Hong Kong and overseas plants.

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Review of operations (Cont'd)

Magazines

Ming Pao Weekly, another flagship of the Group, actively and continuously strengthened its readers' base by launching various brand promotional campaigns during the period. It benefited from the gradually recovered economic conditions, which improved the advertising market, and achieved a strong growth in its advertising revenue. Its turnover and operating profit for the period increased by 15% and 9% respectively.

Yazhou Zhoukan recorded an encouraging 20% increase in its advertising revenue. Together with savings in its operating costs, it reported a reasonable profit margin and made a positive contribution for the Group during the period. Although City Children's Weekly and Ming Pao Publications recorded increases in their turnover of 13% and 2% respectively, their operating profits remained at the same level as those of last year's. Ming Pao Monthly, the Group's prestigious magazine that is popular among global Chinese intellectuals and professionals, maintained a stable readership and a satisfactory operating result.

Travel

As the local economy started to pick up again, consumers' spending in outbound tours increased. The Group's tour operator in Hong Kong, Charming Holidays, recorded a slight increase in the number of tour passengers during the period. However, the competition in the tour and travel related businesses remained intense as customers in general were still cautious in their spending. This led to a general decrease in tour profit margins and as a result, Charming Holidays reported a 7% decrease in its turnover for the period. Nevertheless, its operating profit was maintained at the same level as that of the corresponding period last year by means of the introduction of competitive tour packages and effective overhead controls. The Delta Group, Charming Holidays' subsidiaries in North America, maintained healthy growth in their businesses and combined operating profit. To capitalize on the strong e-commerce potentials, Charming Online Travel was incorporated in August 2000 to embark on on-line retail travel businesses.

Internet

The Group's flagship website "mingpao.com", which was established in 1995, was re-launched in February 2000. Since then, a number of new portals were built to provide a great variety of on-line information to global Chinese readers, including mpinews, mpfinance, mingpaoweekly, goldenet, mingpaohealth, mingpaoschool and charming-online. The website's daily pageviews grew healthily since the re-launch and have currently exceeded the management's initial target of two and a half million. On the revenue side, mingpao.com has generated a steady stream of income through the provision of on-line content, leveraging on the Group's rich archive of information. As for on-line advertising, a cross-media selling scheme was successfully established that enabled advertisers to place advertisements on both printed and on-line publications of the Group in order to maximize the advertising opportunities. Mingpao.com also launched its e-commerce platform for tour business through the operation of Charming Online Travel. A number of other e-commerce business opportunities are currently being considered with an aim

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Review of operations (Cont'd)

of broadening the website's revenue base. Together with stringent cost controls and synergies arising from concerted efforts of the various newsrooms within the Group, it is expected that the on-line business will turn into a profitable unit in the near future.

In September 2000, the Group entered into a subscription agreement with Yahoo! whereby Yahoo! subscribed for a minority stake in mingpao.com. The Group is still in negotiation with Tom.com in relation to Tom.com's participation in the equity of Yazhou Zhoukan for the publication of both its on-line and printed versions.

Outlook

It is expected that the local economy will continue to improve in the second half of the year. With a much-improved financial position and a responsive management team, the Group is well positioned to take advantage of the improved business environment. As a leading publisher in the industry, the Group, with the endeavor of all its employees and advanced information technology, will continue to provide the most in-depth and credible news services in both printed and interactive on-line versions to Chinese readers all over the world. It will also continue to expand the distribution network of its publications and to enhance operating efficiencies in all aspects so as to generate better returns for the shareholders.

In addition, the directors will continue to explore new business and investment opportunities that can complement the Group's existing businesses and lead to future growth of the Group.