

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.



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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