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MING PAO ENTERPRISE CORPORATION LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 685)

CONTINUING CONNECTED TRANSACTIONS

Financial Adviser to Ming Pao Enterprise Corporation Limited



G.K. Goh Securities (H.K.) Limited

Reference is made to the announcement of the Company dated 12 March 2004 relating to, among other things, the Subscription Agreement and the Continuing Connected Transactions.

Continuing Connected Transactions

The Agreements governing the terms of the Continuing Connected Transactions were entered into between members of the Group and members of the Winmax Group following the HK Magazines Reorganization. The Continuing Connected Transactions relate to the granting by the Group (excluding the Winmax Group) of the respective trademarks and past magazine contents for use by the Winmax Group for the HK Magazines, and the logistical support to be granted by the Group (excluding the Winmax Group) for the operations of the Winmax Group.

Following Completion, which is expected to take place on or before 30 April 2004, Winmax will become an indirect non-wholly owned subsidiary of the Company, and Redgate Media Inc. and Redgate will become connected persons of the Company by virtue of Redgate's 40.0% interest in the issued share capital of Winmax. Thus Winmax will also become an associate of Redgate and Redgate Media Inc. and the Continuing Connected Transactions will constitute continuing connected transactions for the Company upon Completion. Given that (i) the aggregate Annual Caps (on annual basis) for the Licensing Agreements is less than 2.5% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, and (ii) the Annual Cap for item (a) of the Magazine Service Agreement as well as the aggregate Annual Caps for items (d) and (e) of the Administrative Service Agreement are also less than 2.5% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, all of the Continuing Connected Transactions are exempted from shareholders' approval requirements but are still subject to reporting and announcement requirements as set out in Rule 14A.35 of the Listing Rules.

The Directors consider that the Continuing Connected Transactions are entered into in the usual and ordinary course of business of the Group (including the Winmax Group) and on normal commercial terms which are fair and reasonable, and thus the entering into of the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole, and the terms thereof are fair and reasonable so far as the Company and the Shareholders are concerned.

G.K. Goh Securities (H.K.) Limited has been retained by the Company as the financial adviser in relation to the Continuing Connected Transactions.

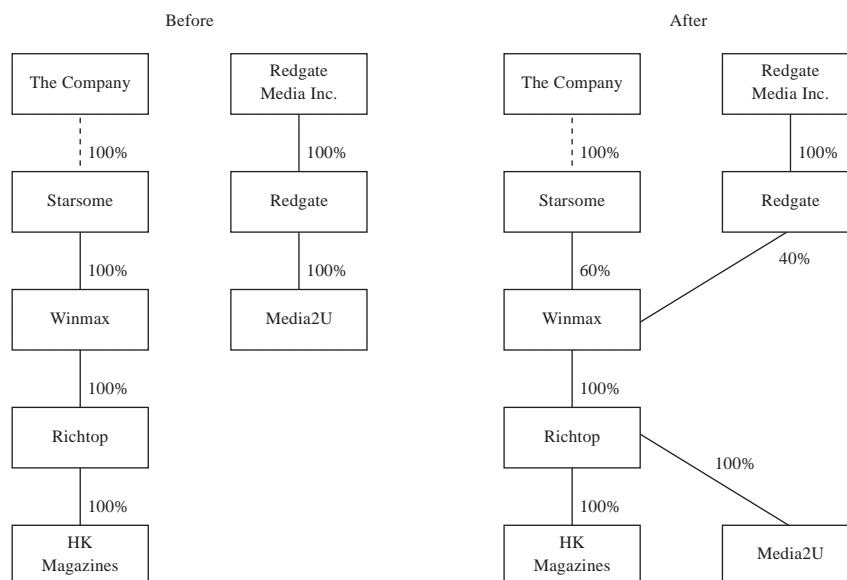
Reference is made to the announcement of the Company dated 12 March 2004 relating to, among other things, the Subscription Agreement and the continuing connected transactions to be entered into between members of the Group and the Winmax Group relating to the licensing of intellectual property rights and sharing of services by the Group to the Winmax Group for the operations of the HK Magazines, based on normal commercial terms.

CONTINUING CONNECTED TRANSACTIONS

Background and rationale

In February 2004, the Group effected the HK Magazines Reorganization whereby Winmax, through its wholly owned subsidiary, Richtop, became an indirect holding company of the principal operating subsidiaries of the Company which operate the HK Magazines. As the intellectual property licenses and rights currently in use by the Winmax Group are held by members of the Group (other than members of the Winmax Group), and in anticipation for the change whereby Winmax will become an indirect non-wholly owned subsidiary of the Company following Completion, the Agreements were entered into between members of the Group and the Winmax Group relating to the operations of the HK Magazines. The principal business of the Winmax Group is the publication, distribution and advertising of the Chinese language magazines whose content is relatively apolitical in nature and is orientated towards the entertainment, fashion, consumer electronics and other domestic consumption sectors.

Following Completion, which is expected to take place on or before 30 April 2004, Redgate Media Inc. and Redgate will become connected persons of the Company by virtue of Redgate's 40.0% interest in the issued share capital of Winmax, an indirect non-wholly owned subsidiary of the Company. Thus Winmax will become an associate of Redgate and Redgate Media Inc. and the Continuing Connected Transactions between the Winmax Group and members of the Group (other than members of the Winmax Group) will constitute continuing connected transactions for the Company upon Completion and will then be subject to disclosure and/or independent shareholders' approval by poll as required under Rule 14A of the Listing Rules. The following table illustrates the shareholding structure of Winmax immediately before and after Completion:



In the opinion of the Directors, the Continuing Connected Transactions are conducted in the Group's (including the Winmax Group) ordinary and usual course of business, on normal commercial terms and are of a recurrent nature.

CW Licensing Agreement

Pursuant to the CW Licensing Agreement dated 1 February 2004 entered into by MP Finance and Lisport, MP Finance has granted to Lisport for the purposes of publication and promotion of magazines, primarily for children readership in the Territory:

- (i) an exclusive, non-assignable right and license to use the CW Trademark for the print of *City Children's Weekly* or in Chinese “明報兒童周刊”;
- (ii) a non-exclusive, non-assignable right and license to use the Past CW Contents; and
- (iii) a non-exclusive, non-assignable right to sub-license the use of the CW Trademark and/or to sub-license the Past CW Contents to other parties;

for a monthly royalty fee payable in cash equal to

- 8% of the total net revenue (net of relevant items such as sales discounts and commissions paid by the Lisport Group to advertising/distribution agents) derived from the publication and distribution of *City Children's Weekly*; plus
- 8% of the total net revenue derived from those other magazines published by the Lisport Group which have 50% or more of their contents being derived from the Past CW Contents and/or the New CW Contents; plus
- 4% of the total net revenue derived from those magazines published by the Lisport Group which have less than 50% of their contents being derived from the Past CW Contents and/or the New CW Contents. If no content was derived from any Past CW Contents and/or New CW Contents, no royalty fee will be payable.

The royalty fee has been determined with reference to the range of royalty fees charged (from 7% to 8%) by independent market practitioners in the magazine licensing industry for Hong Kong and the PRC markets. Based on the audited results of the Group for the year ended 31 March 2002, the amount of royalties paid by Lisport to MP Finance (based on 1% of the total net revenue (net of relevant items such as sales discounts and commissions paid by the Lisport Group to advertising/

distribution agents) derived from the publication and distribution of *City Children's Weekly*) amounted to approximately HK\$0.11 million for that year. For the year ended 31 March 2003, as Lisport recorded a net loss, no royalty was paid by Lisport.

Lisport has granted to MP Finance Group a royalty-free, non-exclusive, non-assignable right and license to use the New CW Contents for the Newspaper Publishing Purpose and to sub-license such New CW Contents to be used for such purpose, both within and outside the Territory.

The CW Licensing Agreement has a term of three years and two months from 1 February 2004. The CW Licensing Agreement may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency of the other party or the failure of the Company to obtain or maintain the necessary shareholders' approval and waiver from the Stock Exchange in respect of the agreement pursuant to the Listing Rules.

Upon the expiry or early termination of the CW Licensing Agreement:

- (i) Lisport shall, among other things, return all Past CW Contents to MP Finance and cease to use the CW Trademark and the Past CW Contents;
- (ii) MP Finance shall have the right, alone or jointly with other parties, to publish or procure or arrange to publish *City Children's Weekly* using the CW Trademark without compensation of any kind to Lisport; and
- (iii) MP Finance shall have a non-exclusive right to license and sub-license the New CW Contents (for purposes not limited to the Newspaper Publishing Purpose) to such party as it shall in its sole discretion decide without having to account to Lisport for any fees or revenues received therefrom for so long as *City Children's Weekly* shall still be published.

HT Licensing Agreement

Pursuant to the HT Licensing Agreement dated 1 February 2004 entered into by MP Finance and MPM, MP Finance has granted to MPM for the purposes of publication and promotion of technology and consumer gadgets magazines which primarily offer the readers product reviews, price comparisons, technical guidance and user guide information in the Territory:

- (i) an exclusive, non-assignable right and license to use the HT Trademark for the print of *HI-TECH WEEKLY*;
- (ii) a non-exclusive, non-assignable right and license to use the Past HT Contents; and
- (iii) a non-exclusive, non-assignable right to sub-license the use of the HT Trademark and/or to sub-license the Past HT Contents to other parties;

for a monthly royalty fee payable in cash equal to

- 8% of the total net revenue (net of relevant items such as sales discounts and commissions paid by the MPM Group to advertising/distribution agents) derived from the publication and distribution of *HI-TECH WEEKLY*; plus
- 8% of the total net revenue derived from those other magazines published by the MPM Group which have 50% or more of their contents being derived from the Past HT Contents and/or the New HT Contents; plus

- 4% of the total net revenue derived from those magazines published by the MPM Group which have less than 50% of their contents being derived from the Past HT Contents and/or the New HT Contents. If no content was derived from any Past HT Contents and/or New HT Contents, no royalty fee will be payable.

The royalty fee has been determined with reference to the range of royalty fees charged (from 7% to 8%) by independent market practitioners in the magazine licensing industry for Hong Kong and the PRC markets. Prior to entering into the HT Licensing Agreement, MP Finance has not charged MPM Group for any royalty fee relating to their use of the HT Trademark.

MPM has granted to MP Finance Group a royalty-free, non-exclusive, non-assignable right and license to use the New HT Contents for the Newspaper Publishing Purpose, and to sub-license such New HT Contents to be used for such purpose, both within and outside the Territory.

The HT Licensing Agreement has a term of three years and two months from 1 February 2004. The HT Licensing Agreement may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency of the other party or the failure of the Company to obtain or maintain the necessary shareholders' approval and waiver from the Stock Exchange in respect of the agreement pursuant to the Listing Rules.

Upon the expiry or early termination of the HT Licensing Agreement:

- (i) MPM shall, among other things, return all Past HT Contents to MP Finance and cease to use the HT Trademark and the Past HT Contents;
- (ii) MP Finance shall have the right, alone or jointly with other parties, to publish or procure or arrange to publish *HI-TECH WEEKLY* using the HT Trademark without compensation of any kind to MPM; and
- (iii) MP Finance shall have a non-exclusive right to license and sub-license the New HT Contents (for purposes not limited to the Newspaper Publishing Purpose) to such party as it shall in its sole discretion decide without having to account to MPM for any fees or revenues received therefrom for so long as *HI-TECH WEEKLY* shall still be published.

MPW Licensing Agreement

Pursuant to the MPW Licensing Agreement dated 1 February 2004 entered into by MP Finance and MPM, MP Finance has granted to MPM for the purposes of publication and promotion of photo-journalist led magazines which primarily cover Hong Kong based entertainment, lifestyle, fashion, beauty and listings targeting a female readership in the Territory:

- (i) an exclusive, non-assignable right and license to use the MPW Trademark for the print of *Ming Pao Weekly* or in Chinese “明報周刊”;
- (ii) a non-exclusive, non-assignable right and license to use the Past MPW Contents; and
- (iii) a non-exclusive, non-assignable right to sub-license the use of the MPW Trademark and/or to sub-license the Past MPW Contents to other parties;

for a monthly royalty fee payable in cash equal to

- 8% of the total net revenue (net of relevant items such as sales discounts and commissions paid by the MPM Group to advertising/distribution agents) derived from the publication and distribution of *Ming Pao Weekly*; plus

- 8% of the total net revenue derived from those other magazines published by the MPM Group which have 50% or more of their contents being derived from the Past MPW Contents and/or the New MPW Contents; plus
- 4% of the total net revenue derived from those magazines published by the MPM Group which have less than 50% of their contents being derived from the Past MPW Contents and/or the New MPW Contents. If no content was derived from any Past MPW Contents and/or New MPW Contents, no royalty fee will be payable.

The royalty fee has been determined with reference to the range of royalty fees charged (from 7% to 8%) by independent market practitioners in the magazine licensing industry for Hong Kong and the PRC markets. Based on the audited results of the Group for the two years ended 31 March 2002 and 31 March 2003, the amount of royalties paid by MPM to MP Finance (based on 12% of the total net revenue (net of relevant items such as sales discounts and commissions paid by the MPM Group to advertising/distribution agents) derived from the publication and distribution of *Ming Pao Weekly*) amounted to approximately HK\$16.94 million and approximately HK\$15.53 million, respectively.

MPM has granted to MP Finance Group a royalty-free, non-exclusive, non-assignable right and license to use the New MPW Contents for the Newspaper Publishing Purpose, and to sub-license such New MPW Contents to be used for such purpose, both within and outside the Territory.

The MPW Licensing Agreement has a term of three years and two months from 1 February 2004. The MPW Licensing Agreement may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency of the other party or the failure of the Company to obtain or maintain the necessary shareholders' approval and waiver from the Stock Exchange in respect of the agreement pursuant to the Listing Rules.

Upon the expiry or early termination of the MPW Licensing Agreement:

- (i) MPM shall, among other things, return all Past MPW Contents to MP Finance and cease to use the MPW Trademark and the Past MPW Contents;
- (ii) MP Finance shall have the right, alone or jointly with other parties, to publish or procure or arrange to publish *Ming Pao Weekly* using the MPW Trademark without compensation of any kind to MPM; and
- (iii) MP Finance shall have a non-exclusive right to license and sub-license the New MPW Contents (for purposes not limited to the Newspaper Publishing Purpose) to such party as it shall in its sole discretion decide without having to account to MPM for any fees or revenues received therefrom for so long as *Ming Pao Weekly* shall still be published.

Magazine Service Agreement

Pursuant to the Magazine Service Agreement dated 1 February 2004 entered into by MPN and Richtop, MPN has agreed to provide to members of the Richtop Group or the Listco Group the following services at the following monthly charges:

Services	Charges
(a) Circulation support services relating to the distribution, sale and promotion of the publications of the Richtop Group or the Listco Group	a share of the monthly operating expenses of MPN's circulation department based on the proportion of actual time incurred by the staff of MPN's circulation department towards the provision of such services
(b) Editorial support services relating to specific contents requested by the Richtop Group or the Listco Group for their publications	a share of the monthly operating expenses of MPN's special editorial department based on the proportion of actual time incurred by the staff of MPN's special editorial department towards the provision of such services
(c) Library services to the Richtop Group or the Listco Group, including data classification, data indexing and filing, data storage management and retrieval, data provision and newspaper clipping	a share of the monthly operating expenses of MPN's library department based on the proportion of actual time incurred by the staff of MPN's library department towards the provision of such services

The proposed charges under the Magazine Service Agreement have been determined on cost reimbursement basis and will be recorded in accordance with time sheet records, which represented the same bases of such charges in the last two years. Based on the audited accounts of the Group for the two years ended 31 March 2002 and 31 March 2003, the aggregate costs for each type of services rendered are summarized as follows:

Services	For the year ended 31 March	
	2002 (HK\$'000)	2003 (HK\$'000)
(a) Circulation support services relating to the distribution, sale and promotion of the publications of the Richtop Group or the Listco Group	3,394	2,184
(b) Editorial support services relating to specific contents requested by the Richtop Group or the Listco Group for their publications	3,614	—
(c) Library services to the Richtop Group or the Listco Group, including data classification, data indexing and filing, data storage management and retrieval, data provision and newspaper clipping	1,064	—
Total:	8,072	2,184

The Magazine Service Agreement has an initial term of three years and two months from 1 February 2004 to 31 March 2007 and thereafter shall be automatically renewed for a three year period ending on 31 March 2010 unless either party gives notice of non-renewal to the other party at least ninety days prior to the expiry of such initial term. The Magazine Service Agreement may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency of the other party or the failure of the Company to obtain or maintain the necessary shareholders' approval and waiver from the Stock Exchange in respect of the agreement pursuant to the Listing Rules.

Administrative Service Agreement

Pursuant to the Administrative Service Agreement dated 1 February 2004 entered into by MPH and Richtop, MPH has agreed to provide to the Richtop Group or the Listco Group the following services at the following monthly charges:

Services	Charges
(a) EDP programming support services being Internet-related services, networking services, data management services, general computing and programming support services and system analysis	a share of the monthly operating expenses of MPH's EDP department based on the proportion of actual time incurred by the staff of MPH's EDP department towards the provision of such services
(b) Administrative support services being security services, cleaning services, mail processing and messenger services, ordering and distribution of office supplies services, receptionist and general clerical services	a share of the monthly operating expenses of MPH's administration department based on the proportion of floor area occupied by the Richtop Group or the Listco Group to the total floor area occupied by the Group in Ming Pao Industrial Centre
(c) Personnel, public relations and legal services including personnel administration service and corporate communication service	a share of the monthly operating expenses of MPH's legal department, personnel department and public relations department based on the proportion of the total number of staff employed by the Richtop Group or the Listco Group to the total number of staff of the Group in Hong Kong
(d) Leasing of computers and other office equipment	the total amount of depreciation charges of the equipment provided
(e) Leasing of office space, storage space and parking spaces, all within Ming Pao Industrial Centre	HK\$5.00 per sq. ft. for office space, HK\$5.40 per sq. ft. for storage space and HK\$2,500 per parking space (all subject to annual review by the parties with reference to the prevailing market rates) plus proportionate share (based on actual floor space occupied) of all government rent, rates and management fees relating to such office and storage premises and parking spaces

The proposed charges under items (a) to (c) of the Administrative Service Agreement set out above have been determined on cost reimbursement basis and will be recorded in accordance with time sheet records, actual headcounts and floor spaces occupied save for item (d), which charges will be based on the depreciation charges of the equipment provided; and item (e), whereby such charges have been determined based on prevailing market rates of comparable premises. The Directors

(including the independent non-executive directors) consider that the allocation basis stated under the Administrative Service Agreement is fair and reasonable and that the terms thereof are fair and reasonable so far as the Company and the Shareholders are concerned.

The bases of the charges for the Administrative Service Agreement remained the same as those of the proposed charges set out above save for the higher leasing rates for office spaces (HK\$7.00 per sq. ft.) and car parking spaces (HK\$3,000 per parking space) for the last two years. Based on the audited financial statements of the Group, for the two years ended 31 March 2002 and 31 March 2003, the aggregate costs for each type of services rendered are summarized as follows:

Services	For the year ended 31 March	
	2002 (HK\$'000)	2003 (HK\$'000)
(a) EDP programming support services being Internet-related services, networking services, data management services, general computing and programming support services and system analysis	788	331
(b) Administrative support services being security services, cleaning services, mail processing and messenger services, ordering and distribution of office supplies services, receptionist and general clerical services	1,317	1,355
(c) Personnel, public relations and legal services including personnel administration service and corporate communication service	610	581
(d) Leasing of computers and other office equipment (Note)	983	1,233
(e) Leasing of office space, storage space and parking spaces, all within Ming Pao Industrial Centre	1,211	932
Total:	<u>4,909</u>	<u>4,432</u>

Note: The assets are leased based on the monthly depreciation charges of about HK\$81,920 and about HK\$102,750 for the two years ended 31 March 2002 and 2003 respectively.

The Administrative Service Agreement has an initial term of three years and two months from 1 February 2004 to 31 March 2007 and thereafter shall be automatically renewed for a three year period ending on 31 March 2010 unless either party gives notice of non-renewal to the other party at least ninety days prior to the expiry of such initial term. The Administrative Service Agreement may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency of the other party or the failure of the Company to obtain or maintain the necessary shareholders' approval and waiver from the Stock Exchange in respect of the agreement pursuant to the Listing Rules.

ANNUAL CAPS AND LISTING RULES IMPLICATIONS

Annual Caps

The aggregate amount of the transactions contemplated under the Agreements in each of the three financial years ending 31 March 2007 shall not exceed the Annual Caps as follows:

Type of Continuing Connected Transactions	Annual Caps <i>HK\$'000</i>	As a % to the Company's market capitalization <i>(note)</i>
CW Licensing Agreement	1,500	0.15%
HT Licensing Agreement	2,100	0.21%
MPW Licensing Agreement	<u>14,500</u>	<u>1.47%</u>
	<u><u>18,100</u></u>	<u><u>1.83%</u></u>

Magazine Service Agreement:

<i>(a) Circulation support services relating to the distribution, sale and promotion of the publications of the Richtop Group or the Listco Group</i>	4,200	0.43%
<i>(b) Editorial support services relating to specific contents requested by the Richtop Group or the Listco Group for their publications</i>	970	0.10%
<i>(c) Library services to the Richtop Group or the Listco Group, being data classification, data indexing and filing, data storage management and retrieval, data provision and newspaper clipping</i>	870	0.09%

Administrative Service Agreement:

<i>(a) EDP programming support services being Internet-related services, networking services, data management services, general computing and programming support services and system analysis</i>	950	0.10%
<i>(d) Leasing of computers and other office equipment, and (e) Leasing of office space, storage space and parking spaces, all within Ming Pao Industrial Centre</i>	2,500	0.25%

Note: The market capitalization of the Company is calculated based on the five-day average of the closing price of the Shares immediately preceding the date of the Agreements.

The Directors have, based on their experience and expertise gained in the magazine publication and related businesses, taken into account the following principal factors and assumptions in determining the Annual Caps for the Continuing Connected Transactions:

- historical net revenues of the HK Magazines;
- historical amounts of the service charges;
- expected circulation of the HK Magazines;
- expected rate of growth in advertising sales, particularly following Completion;
- expected increase in advertising fees to be charged by the HK Magazines;
- estimated work force and premises required to operate the HK Magazines; and
- there will be a stable market environment and economic conditions.

The Directors (including the independent non-executive directors) consider that the Annual Caps as set out above are fair and reasonable so far as the Company and the Shareholders are concerned.

Listing Rules implications

The transactions contemplated under items (b) and (c) of the Magazine Service Agreement as stated above are exempted from reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3)(b) of the Listing Rules as their respective proposed Annual Cap is below HK\$1 million and less than 2.5% of each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules.

The transactions contemplated under item (a) of the Administrative Service Agreement are exempted from reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3)(b) of the Listing Rules as the proposed Annual Cap is below HK\$1 million and less than 2.5% of each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules. Those transactions contemplated under items (b) and (c) of the Administrative Service Agreement as stated above are also exempted continuing connected transactions pursuant to Rule 14A.33(2) of the Listing Rules, as they involve sharing of general administrative services on cost basis, and which are identifiable and allocated to the parties involved on a fair and equitable basis.

Given that (i) the aggregate Annual Caps (on annual basis) for the Licensing Agreements is less than 2.5% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules; and (ii) the Annual Cap for item (a) of the Magazine Service Agreement, and the aggregate Annual Caps for items (d) and (e) of the Administrative Service Agreement are also less than 2.5% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, pursuant to Rule 14A.34(1) of the Listing Rules, all of them are exempted from shareholders' approval requirement but are still subject to the other reporting and announcement requirements as described in Rules 14A.45 to 14A.57 of the Listing Rules. Furthermore, the Continuing Connected Transactions are also subject to the annual review requirements set out in Rules 14A.37 and 14A.38 of the Listing Rules.

Upon expiry of the three-year period, or if any of the above Annual Cap is exceeded or when the Agreements are being renewed or there is any material change to the terms of the Agreements, the Company shall fully re-comply with the requirements of the Listing Rules (including but not limited to, Chapter 14A of the Listing Rules) prevailing from time to time, including but not limited to, seeking independent Shareholders approval by poll at a general meeting, if required.

REASONS FOR ENTERING INTO THE AGREEMENTS

The Group is principally engaged in the publication of Chinese language newspapers, magazines and books, as well as the provision of travel and travel related services. Through its various portals it also provides advertising, Internet content and travel related services.

The Group's magazine titles can be sub-divided into two separate groups comprising (i) the HK Magazines, which are customer-focused weekly magazine titles predominantly targeting the Hong Kong market and sold through the newsstands and via news agents; and (ii) the current affairs and education focused weekly and monthly magazine titles such as *Yazhou Zhoukan* and *Ming Pao Monthly* which target regional and global Chinese readers, are sold primarily through subscription.

To reorganize the Group's business in accordance with the business focus of each group of magazines, in February 2004, the Group effected the HK Magazines Reorganization whereby Winmax, through its wholly owned subsidiary, Richtop, became the indirect holding company of the principal operating subsidiaries of the Company which operate the HK Magazines. The principal business of the Winmax Group is the publication, distribution and advertising of the HK Magazines, which are Chinese language magazines whose content is relatively apolitical in nature and is orientated towards the entertainment, fashion, consumer electronics and other domestic consumption sectors.

All of the intellectual property rights of the Group including the trademarks and the past contents of the HK Magazines are held by members of the Group (excluding the Winmax Group). The Agreements were entered into between members of the Group and members of the Winmax Group following the HK Magazines Reorganization. Following Completion, Winmax will become a non-wholly owned subsidiary of the Company and an associate of Redgate Media Inc. and Redgate, thus members of the Group have entered into the Agreements with members of the Winmax Group to govern the terms of the various Continuing Connected Transactions for the operations of the HK Magazines.

The terms of the Continuing Connected Transactions were negotiated on an arm's length basis. The Directors (including the independent non-executive directors) consider that the terms of the Continuing Connected Transactions are on normal commercial terms and in the ordinary course of business and are fair and reasonable so far as the Shareholders are concerned and the Continuing Connected Transactions are in the interest of the Company and the Shareholders as a whole.

GENERAL

The board of directors of the Company comprises four executive directors being, Tan Sri Datuk Tiong Hiew King (Chairman), Mr. Tiong Kiu King, Dr. Tiong Ik King and Mr. Tiong Kiew Chiong; and two independent non-executive directors being, Mr. Tang Ying Yu and Mr. David Yu Hon To.

G.K. Goh Securities (H.K.) Limited has been retained by the Company as the financial adviser in relation to the Continuing Connected Transactions.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Administrative Service Agreement”	the agreement entered into between MPH and Richtop dated 1 February 2004 relating to the provision of administrative services by MPH to the Richtop Group or the Listco Group
“Agreements”	the Licensing Agreements and the Service Agreements
“Annual Cap(s)”	the maximum annual amount of each type of the Continuing Connected Transactions to be transacted for the three financial years of the Company ending 31 March 2007
“Company”	Ming Pao Enterprise Corporation Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription Agreement
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Licensing Agreements and the Service Agreements between the Winmax Group and other members of the Group relating to the operations of the HK Magazines
“CW Licensing Agreement”	the agreement entered into between MP Finance and Lisport dated 1 February 2004 (as amended by the supplemental agreements dated 29 March 2004 and 6 April 2004) relating to the licensing of the CW Trademark to Lisport
“CW Trademark”	the trademark of <i>City Children’s Weekly</i>
“Directors”	directors (including independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“HK Magazines”	<i>City Children’s Weekly, HI-TECH WEEKLY and Ming Pao Weekly</i>
“HK Magazines Reorganization”	the reorganization effected by the Group which resulted in: <ul style="list-style-type: none">— Richtop becoming the immediate holding company of the principal operating subsidiaries of the Company which operate the HK Magazines;— Winmax becoming the immediate holding company of Richtop; and— the declaration and payment of dividends by the Winmax Group to other members of the Group of approximately HK\$31.8 million

“HT Licensing Agreement”	the agreement entered into between MP Finance and MPM dated 1 February 2004 (as amended by the supplemental agreements dated 29 March 2004 and 6 April 2004) relating to the licensing of the HT Trademark to MPM
“HT Trademark”	the trademark of <i>HI-TECH WEEKLY</i>
“Licensing Agreements”	the CW Licensing Agreement, the HT Licensing Agreement and the MPW Licensing Agreement
“Lisport”	Lisport Company Limited, a direct wholly owned subsidiary of Richtop, which is an indirect wholly owned subsidiary of Winmax as at the date of this announcement
“Lisport Group”	Lisport, its subsidiaries, associates and licensees
“Listco”	Listco will be a subsidiary of Winmax which will hold all the companies and assets of the Winmax Group, the shares of which are proposed to be listed on the Stock Exchange or a recognized stock exchange under the Proposed Spin-off
“Listco Group”	Listco and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange (as amended on 31 March 2004)
“Magazine Service Agreement”	the agreement entered into between MPN and Richtop dated 1 February 2004 relating to the provision of circulation support, editorial support and library services by MPN to the Richtop Group or the Listco Group
“Media2U”	Media2U (BVI) Company Limited, a company incorporated in the British Virgin Islands on 2 January 2004, a direct subsidiary of Redgate and an indirect wholly owned subsidiary of Redgate Media Inc. as at the date of the Subscription Agreement
“Media2U (HK)”	Media2U Company Limited, a company incorporated on 29 September 1994 in Hong Kong and a wholly owned subsidiary of Media2U
“MP Finance”	Ming Pao Finance Limited, a company incorporated in the British Virgin Islands on 24 January 1991 and an indirect wholly owned subsidiary of the Company
“MP Finance Group”	MP Finance, its subsidiaries, associates and licensees
“MPH”	Ming Pao Holdings Limited, a company incorporated in Hong Kong on 26 November 1964 and an indirect wholly owned subsidiary of the Company
“MPM”	Ming Pao Magazines Limited, a company incorporated in Hong Kong on 3 October 1986 and an indirect wholly owned subsidiary of Winmax
“MPM Group”	MPM, its subsidiaries, associates and licensees

“MPN”	Ming Pao Newspapers Limited, a company incorporated in Hong Kong on 26 May 1987 and an indirect wholly owned subsidiary of the Company
“MPW Licensing Agreement”	the agreement entered into between MP Finance and MPM dated 1 February 2004 (as amended by the supplemental agreements dated 29 March 2004 and 6 April 2004) relating to the licensing of the MPW Trademark to MPM
“MPW Trademark”	the trademark of <i>Ming Pao Weekly</i>
“New CW Contents”	the editorial and other contents of all those issues of <i>City Children’s Weekly</i> published from 1 February 2004
“New HT Contents”	the editorial and other contents of all those issues of <i>HI-TECH WEEKLY</i> published from 1 February 2004
“New MPW Contents”	the editorial and other contents of all those issues of <i>Ming Pao Weekly</i> published from 1 February 2004
“Newspaper Publishing Purpose”	for the purpose of publication of newspapers and other publications sold or distributed in conjunction with any newspapers
“Past CW Contents”	the editorial and other contents of all those issues of <i>City Children’s Weekly</i> which were published prior to 1 February 2004
“Past HT Contents”	the editorial and other contents of all those issues of <i>HI-TECH WEEKLY</i> which were published prior to 1 February 2004
“Past MPW Contents”	the editorial and other contents of all those issues of <i>Ming Pao Weekly</i> which were published prior to 1 February 2004
“Proposed Spin-off”	the proposed separate listings of Listco which will hold all the companies and assets of the Winmax Group
“Redgate”	Redgate Media (HK) Limited, a company incorporated on 5 March 2003 in Hong Kong and a wholly owned subsidiary of Redgate Media Inc.
“Richtop”	Richtop Resources Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of Winmax
“Richtop Group”	Richtop and its subsidiaries
“Service Agreements”	the Magazine Service Agreement and the Administrative Service Agreement
“Share(s)”	shares of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the share(s) of the Company

“Starsome”	Starsome Limited, a company incorporated in the British Virgin Islands with limited liability and the immediate holding company of Winmax and an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the conditional subscription agreement dated 9 March 2004 (as amended by the supplemental agreement dated 11 March 2004) entered into between the Company, Winmax, Redgate and Redgate Media Inc. in relation to the subscription of new shares in Winmax by Redgate (and the acquisition of 60% interest in Media2U by the Group) as disclosed in the announcement of the Company dated 12 March 2004
“Territory”	Hong Kong, the Macau Special Administrative Region of the PRC, PRC and Taiwan
“Winmax”	Winmax Resources Limited, a company incorporated on 16 January 2004 in the British Virgin Islands and an indirect wholly owned subsidiary of the Company
“Winmax Group”	Winmax and its subsidiaries

By Order of the Board
Ming Pao Enterprise Corporation Limited
Tiong Kiew Chiong
Director

Hong Kong, 6 April 2004

The board of directors comprises of Tan Sri Datuk Tiong Hiew King, Mr. Tiong Kiu King, Dr. Tiong Ik King and Mr. Tiong Kiew Chiong, being executive directors; and Mr. Tang Ying Yu and Mr. David Yu Hon To, being independent non-executive directors.

*Please also refer to the published version of this announcement in the (**The Standard**)*