

明報 MING PAO ENTERPRISE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2001

The directors of Ming Pao Enterprise Corporation Limited ("the Company") announce that the unaudited consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30th September 2001 are as follows:

		Unaudited	
		Six months ended	
		30th September	
		2001	2000
			Restated
	Note	HK\$'000	HK\$'000
Turnover	1	573,323	665,920
Cost of sales		(438,024)	(466,067)
Gross profit		135,299	199,853
Other income		6,136	8,662
Selling and distribution expenses		(79,119)	(97,544)
Administrative expenses		(62,391)	(67,039)
Other operating expenses		(3,320)	(4,785)
Gain on dilution of interest in a subsidiary		-	24,495
Operating (loss)/profit		(3,395)	63,642
Finance costs		(4,490)	(7,269)
		(7,885)	56,373
Share of losses of associated companies		(4,236)	-
(Loss)/profit before taxation		(12,121)	56,373
Taxation	2	(3,497)	(7,271)
(Loss)/profit after taxation		(15,618)	49,102
Minority interests		1,626	-
(Loss)/profit attributable to shareholders		(13,992)	49,102

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Dividends	3	(51,005)	(23,529)
Basic (loss)/earnings per share	4	(3.6) cents	12.5 cents

Notes:

1 Segment information

The Group is principally engaged in the publication of Chinese newspapers, periodicals and books and provision of travel and travel related services.

The Group's turnover and results for the period, analysed by business segments and geographical segments, are as follows:

	Turnover		Segment results	
	Six months ended		Six months ended	
	30th September	30th September	30th September	30th September
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments:				
Publishing	350,666	408,893	4,945	49,235
Travel and travel related services	190,921	244,305	2,613	5,467
Internet businesses (Note)	31,736	12,722	(15,452)	(23,305)
	573,323	665,920	(7,894)	31,397
Unallocated expenses			(735)	(582)
Net interest income			(8,629)	30,815
Gain on dilution of interest in a subsidiary			744	1,063
			-	24,495
			(7,885)	56,373

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

	Turnover		Segment results	
	Six months ended		Six months ended	
	30th September	30th September	30th September	30th September

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	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical segments:				
Hong Kong	392,576	462,484	(355)	30,575
Canada	116,545	127,165	1,614	9,617
The United States of America	52,699	60,694	(7,353)	(7,568)
The Mainland China	11,503	15,577	(1,800)	(1,227)
	573,323	665,920	(7,894)	31,397
Unallocated expenses			(735)	(582)
Net interest income			(8,629)	30,815
Gain on dilution of interest in a subsidiary			744	1,063
			-	24,495
			(7,885)	56,373

2 Taxation

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

	Six months ended	
	30th September	
	2001	2000
	HK\$'000	HK\$'000
Hong Kong profits tax		
- current period	2,268	3,417
- under provision in previous years	1,229	3,854
Overseas taxation		
- current period	-	-
	3,497	7,271

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 period. Overseas taxation is provided at the relevant tax rates on the estimated assessable profits of the companies within the Group operating overseas for the period.

3 Dividends

Six months ended

30th September

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	2001	2000
	HK\$'000	HK\$'000
Dividends declared before period end		
Special, paid, of HK8 cents per ordinary share	31,388	-
Final, paid, of HK3 cents per ordinary share (HK3 cents in the last corresponding period)	11,770	11,762
Dividends declared after period end		
Interim of HK2 cents per ordinary share (HK3 cents in the last corresponding period)	7,847	11,767
	51,005	23,529

4 (Loss)/earnings per share

The calculation of the basic loss per share is based on the unaudited loss attributable to shareholders for the period of HK\$13,992,000 (2000: profit attributable to shareholders of HK\$49,102,000) and the weighted average of 392,345,000 shares (2000: 392,059,000 shares) in issue during the period.

No diluted loss per share for the period ended 30th September 2001 is presented as the exercise of the outstanding share options of the Company would have an anti-dilutive effect. For the period ended 30th September 2000, no diluted earnings per share has been presented as there is no dilutive effect arising from the exercise of the outstanding share options of the Company.

5 Comparative figures

Due to the adoption of the new and revised SSAPs during the current period as well as to be consistent with the presentation of the annual accounts for the year ended 31st March 2001, certain comparative figures have been restated to conform with the current period's presentation.

RESULTS SUMMARY

The consolidated turnover for the six months ended 30th September 2001 was HK\$573,323,000, down 14% from the HK\$665,920,000 reported in the same period last year. Loss attributable to shareholders for the period was HK\$13,992,000, compared with a profit of HK\$49,102,000 for last year.

Last year's turnover included revenue from Yazhou Zhoukan Limited, a former wholly-owned subsidiary, which has since March 2001 become an associated company of the Group, as such,

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its revenue for the current period was not incorporated in these accounts. In addition, included in last year's profit was an exceptional gain of HK\$24,495,000 derived from the dilution of shareholdings in the Group's Internet business.

BUSINESS REVIEW

Newspapers

Turnover for the Group's newspaper business declined by 8% during the period, mainly attributed to the drop in advertising revenue. The current economic downturn in both the territory and in North America, where the Group operates its overseas newspaper editions, has resulted in advertisers trimming down their advertising spending. Revenue for all media companies dropped significantly and the Group's business was also inevitably affected. Worthy of mention is that the advertising volume in Ming Pao Daily News actually increased by about 5% during the period. However, because of ferocious competition, more discounts were offered to the advertisers, resulting in a net decrease in advertising revenue of about 12%. Despite the difficult operating environment, the Daily upheld its high quality news services and continued to enrich its content by the introduction of new columns and features. In a recent survey on media credibility carried out by The School of Journalism and Communication of the Chinese University of Hong Kong, Ming Pao Daily News was regarded by the general public as the most credible media in Hong Kong. Together with effective promotional activities, the Daily has recorded increases in its circulation revenue in Hong Kong and in North America of 17% and 5% respectively during the period. To weather through this economic downturn, the Daily will continue its effort to achieve greater operating efficiency and to improve its advertising revenue by offering broad ranges of innovative and competitive advertising packages that cater for the needs of different advertisers.

Magazines

Ming Pao Weekly, a leading weekly magazine about entertainment and pop culture, has always been well supported by premium advertisers, especially those of high-end and trendy products. Through the concerted efforts of the editorial team which continually enhanced the magazine's content and the highly dedicated sales team, the Weekly managed to maintain its advertising revenue at the same level as that of last year despite the worsening economic environment.

Hi-TECH Weekly, a magazine that provides information on the latest news and developments in the computer world, was well received by its readers since it was revamped and sold as an independent magazine instead of a free supplement of the Daily in March 2001. Since then its circulation income and number of copies sold have shown a healthy and steady growth.

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Ming Pao Monthly, City Children's Weekly and Ming Pao Publications all achieved satisfactory results during the six months' period.

Travel

The travel industry, which is already adversely affected by the economic slowdown, suffers even greater setback after the September-11 terrorist attacks on the US. Charming Holidays, the Group's tour operator in Hong Kong, reported a 19% decrease in the number of tour passengers during the period. Profit margins on the tour packages offered were also reduced due to the intense competition in the tour and travel related businesses. In order to remain competitive, Charming has been innovative and promoting new tourist attractions and offering new competitive tour packages to its customers. In addition to its traditionally strong long-haul tours, Charming also diversified its business to provide short-haul tour packages in the South East Asia region. The business generated from this new endeavor was encouraging. To capture on the business opportunities that might come after China's accession to WTO, Charming has also planned to seek opportunities of cooperating with local travel agents in the Mainland China in order to operate travel related businesses there.

The Delta Group, Charming Holidays' subsidiaries in North America, also experienced a 14% drop in revenue for the period. Nevertheless, Delta Group's operating profit for the period only decreased by about 4% as a result of the introduction of competitive tour packages and the continuous effective cost controls.

Internet

The Group's flagship website, "mingpao.com", continued to generate a steady stream of income through the provision of advertising space and a variety of on-line content. The website was widely acclaimed by its viewers for its rich and updated content. The number of page views and time spent per user on the website continued to grow healthily during the period. The cross-media selling scheme initiated last year which enabled advertisers to place advertisements both on-line and in the Group's other printed publications has proved to be well accepted and has since increased the website's on-line advertising income. In view of the downturn in the advertising market, the management continues to find ways to expand the business model for the website that would decrease its reliance on Internet advertising and content provision revenues. During the period, the website has successfully generated income through membership subscriptions and e-commerce transactions, both of which show signs of further growth. At the same time, stringent cost-savings measures have been taken to improve the operating efficiency of the various portals.

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Charming Online Travel, a company incorporated in August 2000 to embark on on-line retail travel businesses, has generated a steady stream of income through its on-line ticketing and tour packaging businesses.

OUTLOOK

The already weak local economy faces a further setback from the September-11 incident. Consumers' confidence in spending has been deterred, particularly on air travel and tourism, which affected the Group's travel related businesses. Moreover, the Group's various publications' advertising revenue will continue to be affected by the downturn in the advertising market which is unlikely to ease in the short term because of the current weakness in consumption demand. Nevertheless, with a raft of economic initiatives recently announced by the local government, we expect the local economy to begin recovering in the second half of next year. In the meantime, we will continue to exercise stringent cost controls and to enhance efficiencies in all operating units. With a healthy financial position and a dedicated management team, the Group is prepared to face the challenges in the current difficult operating environment.

FINANCIAL POSITION

The Group's total shareholders' funds were HK\$590 million as at 30th September 2001 (31st March 2001: HK\$647 million). When compared to the Group's long term liabilities of HK\$11.7 million (31st March 2001: HK\$10.5 million), the gearing ratio at the balance sheet date was 1.98% (31st March 2001: 1.62%).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S

SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CLOSURE OF THE REGISTER OF MEMBERS

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The register of members will be closed from Wednesday, 2nd January 2002, to Friday, 4th January 2002, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend of HK2 cents per ordinary share, 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 Monday, 31st December 2001. The interim dividend will be paid on Friday, 18th January 2002.

EMPLOYEES

The Group has approximately 1,450 employees, the majority of whom are employed in Hong Kong. The Group remunerates its employees based on industry practice and performance of individual employees. The Group also adopts a share option scheme for its staff of senior grade.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th September 2001 with the directors.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S

WEBSITE

All the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") will be published on the Stock Exchange's website in due course.

By Order of the Board
Tiong Kiew Chiong
Director

Hong Kong, 14th December 2001

Please also refer to the published version of this announcement in the Hong Kong iMail Post dated 17 December 2001.