明報

MING PAO ENTERPRISE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 685)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2005

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 2005 are as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		(Unaudited) Six months ended 30th September	
			As restated
		2005	2004
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**660,868**	633,157
Cost of sales		**(484,722)**	(466,507)
Gross profit		**176,146**	166,650
Other revenues and gains		**3,360**	7,750
Selling and distribution expenses		**(90,818)**	(75,527)
Administrative expenses		**(63,862)**	(61,976)
Other operating expenses, net		**(361)**	(1,159)
Operating profit	*3*	**24,465**	35,738
Finance costs	*4*	**(1,364)**	(1,201)
Share of losses of associated companies		**(2,114)**	(1,784)
Profit before taxation		**20,987**	32,753
Taxation	*5*	**(4,660)**	(9,588)
Profit after taxation		**16,327**	23,165
Attributable to:			
Equity holders of the Company		**15,222**	22,087
Minority interests		**1,105**	1,078
		16,327	23,165
Dividends	*6*	**(27,566)**	(27,681)
Basic earnings per share	*7*	**3.9 cents**	5.6 cents
Diluted earnings per share	*7*	**3.9 cents**	5.6 cents

CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) 30th September 2005 *HK$'000*	As restated (Audited) 31st March 2005 *HK$'000*
Non-current assets			
Fixed assets		**169,717**	175,940
Lease premium for land		**111,913**	113,269
Goodwill		**2,028**	2,028
Interests in associated companies		**12,963**	22,210
Defined benefit plan's assets		**15,050**	14,687
Deferred tax assets		**499**	749
		312,170	328,883
Current assets			
Inventories		**55,078**	51,043
Trading securities		**2,028**	1,948
Accounts receivable, deposits and prepayments	*8*	**229,307**	199,553
Tax recoverable		**164**	894
Bank balances and cash		**226,573**	190,158
		513,150	443,596
Current liabilities			
Accounts payable and accrued charges	*9*	**147,070**	118,204
Taxation payable		**9,253**	7,589
Short-term bank loans, secured		**44,604**	22,081
Bank overdrafts, secured		**11,725**	12,504
Current portion of long-term liabilities		**6,083**	5,943
		218,735	166,321
Net current assets		**294,415**	277,275
Total assets less current liabilities		**606,585**	606,158
Financed by:			
Share capital		**39,382**	39,442
Reserves		**519,580**	519,370
Shareholders' funds		**558,962**	558,812
Minority interests		**15,237**	12,318
Non-current liabilities			
Long-term liabilities		**19,928**	22,448
Deferred tax liabilities		**12,458**	12,580
		32,386	35,028
		606,585	606,158

Notes:

1. (i) Basis of preparation and accounting policies

The accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in the preparation of the Group's annual financial report for the year ended 31st March 2005 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKASs") (collectively "HKFRSs") issued by the the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for accounting periods commencing on or after 1st January 2005.

This interim financial information should be read in conjunction with the Group's 2005 annual financial report.

This interim financial information has been prepared in accordance with those HKFRSs and interpretations issued and effective as at the time of preparing this interim financial information. The adoption of the new/revised HKFRSs has resulted in changes in accounting policies or presentation of this interim financial information.

In the fiscal year 2005/2006, the Group adopted the following new/revised HKFRSs which are relevant to its operations. The fiscal year 2004/2005 comparatives have been restated, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 2, 7, 8, 10, 16, 21, 23, 27, 28, 32, 33, 38, 39 and HK-Int 4 did not result in substantial changes to the Group's accounting policies.

The changes to the Group's accounting policies and the effects of adopting other new/revised HKFRSs are as follows:

(a) *HKAS 1: Presentation of Financial Statements*

The adoption of HKAS 1 has resulted in changes in presentation in this interim financial information. It has no effect on the profit attributable to equity holders of the Company and minority interests. Certain comparative figures have been restated to comply with the new presentation requirements.

(b) *HKAS 17: Leases*

The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings in Hong Kong were previously carried at cost or valuation less accumulated depreciation and accumulated impairment losses. In accordance with the provisions of HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. The lease of land should be classified as an operating lease and any premium paid thereon is stated at cost and amortised over the period of the lease. The leasehold building is stated at cost or valuation less accumulated depreciation and accumulated impairment losses. The prepaid land premium is presented in the balance sheet as a separate item under non-current assets. The leasehold building is included under the classification of fixed assets in the balance sheet. The effect of these changes has been reflected in the comparative figures and is summarised in note 1(ii).

(c) *HKAS 24: Related Party Disclosures*

The adoption of HKAS 24 has expanded the definition of related parties to include key management of the Group.

(d) *HKAS 36: Impairment of Assets*
HKFRS 3: Business Combinations

The adoption of HKAS 36 and HKFRS 3 has resulted in a change in accounting policy for goodwill. Prior to this, goodwill was amortised on a straight-line basis over a period of not exceeding 15 years and assessed for any indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3, the Group ceased amortisation of goodwill from 1st April 2005 onwards and goodwill is tested annually for impairment as well as when there is indication of impairment.

(e) *HKFRS 2: Share-based Payment*

The adoption of HKFRS 2 has resulted in a change in accounting policy for employee share options. Prior to this, the Group did not recognise compensation cost in respect of share options granted to employees or executive directors of the Company or any of its subsidiaries. Following the adoption of HKFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods to the profit and loss account and credited to employee share-based compensation reserve under equity.

In accordance with the transitional provisions of HKFRS 2, the new accounting policy for employee share options has been applied to share options that were granted after 7th November 2002 and had not yet vested at 1st January 2005. Because all outstanding share options granted by the Company to certain directors and full time employees of the Group in previous years had already vested as at 1st January 2005, there was no impact to the respective profit and loss accounts in prior and current periods.

In addition, share options were conditionally granted under a pre-IPO share option scheme of a subsidiary namely One Media Group Limited ("OMG") to certain employees of the Group, the vesting scales in relation to each option granted to the grantees shall begin upon the commencement of dealings in the shares of OMG on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18th October 2005. There was no impact on the consolidated profit and loss account in the current period.

(ii) Summary of restatements made in this interim financial information

The effect of adopting HKAS 17 is summarised below:

	(Unaudited) Six months ended 30th September	
On consolidated profit and loss account	**2005**	2004
	HK$'000	*HK$'000*
Decrease in depreciation	**3,243**	3,243
Increase in amortisation of lease premium for land	**(1,356)**	(1,355)
Increase in deferred tax charge	**(341)**	(341)
Total increase in profit attributable to equity holders of the Company	**1,546**	1,547
Increase in basic earnings per share	**0.39 cent**	0.39 cent

	(Unaudited) 30th September	(Unaudited) 31st March	(Unaudited) 31st March
On consolidated balance sheet	**2005**	2005	2004
	HK$'000	*HK$'000*	*HK$'000*
Increase/(decrease) in assets and liabilities			
Fixed assets	**(180,448)**	(183,691)	(190,177)
Lease premium for land	**111,913**	113,269	115,980
Deferred tax liabilities	**(15,330)**	(15,671)	(16,353)
Increase/(decrease) in equity			
Revaluation reserves	**(85,715)**	(85,715)	(85,715)
Accumulated losses	**32,510**	30,964	27,871

(iii) Critical accounting estimates

The preparation of this interim financial information requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the interim financial information include provision for doubtful debts and provision for asset impairment.

2. Segment information

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

Business segments

	(Unaudited) Six months ended 30th September					
	Publishing		**Travel and travel related services**		**Group**	
	2005	As restated 2004	**2005**	2004	**2005**	As restated 2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**399,255**	381,947	**261,613**	251,210	**660,868**	633,157
Segment results	**15,624**	29,702	**6,524**	5,675	**22,148**	35,377
Interest income					**3,021**	1,576
Unallocated expenses					**(704)**	(1,215)
Operating profit					**24,465**	35,738

Geographical segments

	(Unaudited) Turnover Six months ended 30th September		(Unaudited) Segment results Six months ended 30th September	
	2005	2004	**2005**	As restated 2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**393,478**	391,285	**32,032**	47,392
North America	**250,019**	220,574	**(5,552)**	(11,755)
Mainland China	**17,371**	21,298	**(4,332)**	(260)
	660,868	633,157	**22,148**	35,377
Interest income			**3,021**	1,576
Unallocated expenses			**(704)**	(1,215)
Operating profit			**24,465**	35,738

3. Operating profit

Operating profit is stated after charging the following:

	(Unaudited) Six months ended 30th September	
	2005	As restated 2004
	HK$'000	*HK$'000*
Cost of inventories sold	**90,612**	86,173
Amortisation of lease premium for land	**1,356**	1,355
Depreciation		
owned fixed assets	**12,019**	12,518
leased fixed assets	**881**	711
Staff costs (including directors' emoluments)	**175,261**	163,881

4. Finance costs

	(Unaudited) Six months ended 30th September	
	2005	2004
	HK$'000	*HK$'000*
Interest expenses on bank loans and overdrafts	**1,092**	721
Interest element of finance leases	**272**	480
	1,364	1,201

5. Taxation

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	(Unaudited) Six months ended 30th September	
		As restated
	2005	2004
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current period	**4,806**	6,982
Over provision in prior years	**(52)**	(31)
Overseas taxation		
Current period	**144**	2,012
(Over)/under provision in prior years	**(366)**	136
Deferred taxation	**128**	489
	4,660	9,588

Hong Kong profits tax is provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

6. Dividends

	(Unaudited) Six months ended 30th September	
	2005	2004
	HK$'000	*HK$'000*
Final, paid, of HK4 cents (2004: HK3 cents) per ordinary share	**15,761**	11,868
Special, paid, of nil (2004: HK1 cent) per ordinary share	–	3,955
Interim, proposed, of HK3 cents (2004: HK3 cents, paid) per ordinary share	**11,805**	11,858
	27,566	27,681

The directors have declared an interim dividend of HK3 cents (2004: HK3 cents) per ordinary share payable on 13th January 2006 to shareholders whose names appear on the register of members of the Company on 4th January 2006.

7. Earnings per share

The calculation of the basic earnings per share is based on the Group's unaudited profit attributable to equity holders of the Company for the period of HK$15,222,000 (2004: HK$22,087,000, as restated) and the weighted average number of 394,220,639 shares (2004: 396,861,213 shares) in issue during the period.

The diluted earnings per share is based on 394,513,593 (2004: 397,035,390) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 292,954 (2004: 174,177) ordinary shares deemed to have been issued at no consideration after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme.

8. Accounts receivable, deposits and prepayments

Included in accounts receivable, deposits and prepayments are trade receivables and their ageing analysis is as follows:

	(Unaudited)	(Audited)
	30th September	31st March
	2005	2005
	HK$'000	*HK$'000*
0 to 60 days	**108,550**	96,999
61 to 120 days	**48,997**	44,124
121 to 180 days	**16,063**	16,093
Over 180 days	**9,847**	4,126
	183,457	161,342

The Group allows in general a credit period ranging from 7 days to 90 days and 30 days to 180 days to its trade customers in Hong Kong and Mainland China respectively.

9. Accounts payable and accrued charges

Included in accounts payable and accrued charges are trade payables and their ageing analysis is as follows:

	(Unaudited) 30th September 2005 *HK$'000*	(Audited) 31st March 2005 *HK$'000*
0 to 60 days	**69,198**	46,465
61 to 120 days	**2,845**	2,648
121 to 180 days	**2,857**	852
Over 180 days	**232**	175
	75,132	50,140

10. Subsequent event

On 18th October 2005, the shares of OMG, a subsidiary of the Company, were listed on the Main Board of the Stock Exchange. Consequently, the Company's controlling interest in OMG was reduced to 44.3%.

FINANCIAL HIGHLIGHTS

- Turnover increased 4.4% to HK$660.9 million
- Gross profit margin remained stable at 26.7%
- Operating expenses increased 11.8% to HK$155 million during the period, leading to a drop in profit from operations of 31.5%
- Profit after tax was HK$16.3 million as compared to HK$23.2 million in the same period last year
- Basic and diluted earnings per share were both HK3.9 cents

MANAGEMENT DISCUSSION AND ANALYSIS

Results summary

For the six months ended 30th September 2005, the Group's turnover amounted to HK$660.9 million, reflecting a moderate increase of 4.4% over the same period last year.

Publishing revenues, which accounted for 60% of the Group's turnover, increased by 4.5% over the same period last year to HK$399.3 million. The increase was mainly driven by the growth in advertising revenues in several key revenue categories, including property, travel, education, recruitment and brand name fashion and assessories.

Revenues from the Group's other business segment, travel and travel related services, also reported a 4.1% growth compared with the same period last year. The improved performance was attributable to the global economic recovery which fuelled demand for both business and leisure travel.

The Group's operating expenses increased by 11.8% to approximately HK$155 million, primarily due to higher staff costs and newsprint prices. Staff costs for the first six months increased by nearly 7% compared with the same period in 2004. The increase was due to a combination of an annual increment effective on 1st July 2005 and new hirings for the Group's lifestyle magazine business, which is being operated by the Group's newly listed subsidiary, OMG, in preparation for OMG's business expansion into Mainland China's magazine market. Newsprint costs, which constituted a major cost component of the Group's operations, increased by about 16% during the period. The recent upsurge of oil prices also caused an increase in the Group's operating costs, including delivery and tour operating costs.

The profit after tax for the same period last year included a one-off gain on disposal of partial interests in OMG and the write-back of a loan provision. Excluding the effect of these non-recurring items, the profit after tax for the first half year of 2004 would have been HK$17.3 million.

Publishing business

Advertising revenues for *Ming Pao Daily News'* in Hong Kong increased 5% over those of the same period last year. Revenues from *the Daily's* recruitment classified and education-related advertisements increased as a result of additional resources being allocated to promote these business categories. A solid position in the local market was maintained and revenues from all advertising sectors reported satisfactory growth. The improvement in advertising revenue was also attributable to the increase in property sales in Hong Kong which brought with it an increase in property advertising in the local media.

Besides the continual effort to provide innovative services to meet with advertisers' needs, *the Daily* also offers its customers with advertising packages bundled together with the Group's electronic media division, mingpao.com. This cross-platform business model was well received by advertisers, and led to an encouraging 46% increase in mingpao.com's online advertising revenues. The management is optimistic that these integrated print and online advertising packages will bring in more business for the Group.

The Daily is committed to enhancing its contents and updating its latest layout design of the various sections, including the finance columns, infotainment and life supplement pages, and has won positive acclaims from readers.

The Group's operations in North America also recorded steady growth during the period under review. Advertising revenues for *the Daily's* U.S. and Canada editions rose 14% mainly due to the improvement in travel, retail and property advertising while the Group's tour operations in North America registered a 13% increase in their combined turnover. Through improved execution of the strategy in brand building and leveraging the extensive sales and distribution networks in the U.S. and Canadian markets, the North American segment's results improved by more than 50% when compared to the same period last year.

Ming Pao Weekly, Hi-TECH Weekly and *City Children's Weekly*, the three consumer lifestyle magazines which are currently published in Hong Kong by the Group's subsidiary, OMG, reported improvements in their combined turnover and profit before interest and taxation compared to the corresponding period last year. OMG also has the right to sell advertising space in, and provide contents licensed from four internationally-renowned lifestyle magazines in Mainland China, namely, *Popular Science*, *Digital Camera*, *Top Gear* and *T3*. OMG's operations in Mainland China is still in the development stage, but in view of its fast growing Chinese-language lifestyle magazine market, OMG is planning to expand its operations in Mainland China. More new titles are being planned to be launched in the near future.

For the period under review, the Company changed its geographical segment disclosure by reporting the results of its operations in the U.S. and Canada as a North American segment instead of two geographical segments. This is considered to be a more appropriate presentation which can better reflect management responsibility as the North American operations are all under the supervision of one autonomous management team.

Travel business

During the period under review, revenues and segment results of the Group's tour business increased by 4.1% and 15% respectively over those of the corresponding period last year. The improvement was primarily driven by the strong growth on the inbound and outbound travel businesses in the North American market. However, increasing energy prices and labour costs may have an adverse impact on the profit margin of this business segment in the second half of the current financial year. In order to mitigate the effect of these adverse factors and to maintain its competitive edge in the industry, the Group's tour operator, Charming Holidays, will continue to explore and launch routes of new attractions and provide quality services on existing markets. At the same time, it will actively negotiate with airlines and land operators for lower airfares and accommodation costs.

Associated companies

During the period, *Yazhou Zhoukan*, a regional newsweekly operated by one of the Group's associated companies, reported a steady growth in its subscription sales which brought sustainable circulation income for the magazine.

OMG

On 18th October 2005, OMG, the Group's sole operating arm that focuses on Chinese-language lifestyle magazines in both Hong Kong and Mainland China, was successfully listed on the Main Board of the Stock Exchange. OMG is still a subsidiary of the Company, effectively owned as to 44.3% by the Group. Approximately HK$120 million was raised from the spin-off and the proceeds of the share offer will be used mainly for funding future potential acquisitions and strategic alliances, circulation-related and sales and marketing activities of new magazines.

For the period under review, OMG's contributions to the Group's turnover and profit were 13% and 9% respectively.

Outlook

The Group aims to become the dominant Chinese-language media group, bringing more innovative services to our readers worldwide. The successful spin-off and separate listing of OMG enables the Group to go beyond the Hong Kong market and tap into the vast potential lifestyle magazine market in Mainland China. The Group also plans to expand by focusing on its overseas newspaper editions.

The global economic outlook remains optimistic and the economic growth will continue to propel newspaper advertising, one of the major sources of revenues of the Group. We expect that the favorable market situation will continue into the second half of the current financial year.

However, the Group's publishing business will continue to face challenges in a very competitive operating environment, including the recent price wars in the Hong Kong and Canadian newspaper markets and the launch of several free dailies in Hong Kong. In addition, the rising interest rates and energy prices are expected to reduce growth in the property markets which will in turn affect the Group's advertising revenues.

With all these challenges ahead, the Group will continue to exert its drive to improve operation efficiencies and implement disciplined cost management while improving the qualities of its products and services. We are confident that with a strong balance sheet and operational cash flow, the Group is well positioned to take advantage of the opportunities for profitable growth across all our focus markets. Our view of the market development remains positive and we look confidently into 2006.

CAPITAL EXPENDITURE

The Group's total capital expenditure for fixed assets for the six months ended 30th September 2005 amounted to HK$4,713,000.

CONTINGENT LIABILITIES

As at 30th September 2005, the Company had contingent liabilities in respect of guarantees issued in favour of certain of its subsidiaries totalling HK$160,656,000 (31st March 2005: HK$163,820,000) in connection with general banking facilities granted to those subsidiaries. As at 30th September 2005, total facilities utilised amounted to HK$60,863,000 (31st March 2005: HK$48,595,000).

PLEDGE OF ASSETS

As at 30th September 2005, certain machinery and printing equipment, land and buildings and assets of certain subsidiaries with an aggregate value of HK$303,176,000 were pledged to banks to secure general banking facilities.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's revenues and costs are mainly denominated in HK dollars, Canadian dollars, US dollars and RMB. Since HK dollars is pegged to the US dollars and the RMB is pegged to a basket of foreign currencies, the Group does not foresee any substantial exposure to US dollars and RMB in this regard.

The Group's entities in Canada are not exposed to material foreign currency risks as all their major transactions and costs are denominated in Canadian dollars, the functional currency in which these entities operate.

FINANCIAL POSITION

As at 30th September 2005, the Group's net current assets amounted to HK$294,415,000 (31st March 2005: HK$277,275,000) and the shareholders' funds were HK$558,962,000 (31st March 2005: HK$558,812,000, as restated). Total bank borrowings and finance lease obligations were HK$77,152,000 (31st March 2005: HK$57,788,000) and the gearing ratio, which is defined as the ratio of total bank borrowings to shareholders' funds, was 0.1380 (31st March 2005: 0.1034, as restated).

The Group has a solid financial position and maintains a strong and steady cash inflow from operating activities. As at 30th September 2005, total cash balance was HK$226,573,000 (31st March 2005: HK$190,158,000) and net cash position was HK$149,421,000 (31st March 2005: HK$132,370,000) after deducting the total bank borrowings.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the period, the Company repurchased a total of 606,000 of its listed shares on the Stock Exchange for the purpose of enhancing the net asset value per share of the Company. Details of the repurchases are summarised as follows:

	Number of ordinary shares repurchased	Purchase price per share		Aggregate purchase consideration
		Highest	Lowest	
		HK$	*HK$*	*HK$*
Month/Year				
July 2005	413,000	1.75	1.60	699,432
August 2005	153,000	1.62	1.58	243,750
September 2005	40,000	1.59	1.57	62,912
	606,000			1,006,094

All the repurchased shares were cancelled during the period. Accordingly, the issued share capital of the Company was reduced by the par value of the repurchased shares and the premiums paid on these shares were charged against the share premium account. An amount equivalent to the par value of the shares cancelled was transferred from retained profits to the capital redemption reserve. Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

CLOSURE OF THE REGISTER OF THE MEMBERS

The register of members will be closed from Thursday, 29th December 2005 to Wednesday, 4th January 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend of HK3 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 G/F, Bank of East Asia Harbour View Centre, 56 Gloucestor Road, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 28th December 2005.

EMPLOYEES

As at 30th September 2005, the Group has approximately 1,570 employees (31st March 2005: approximately 1,470 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 financial report for the six months ended 30th September 2005.

CORPORATE GOVERNANCE

Sound corporate governance is crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, protect rights of shareholders and stakeholders, and enhance shareholder value. The Company has always attached great importance to corporate governance so as to ensure its sustainable development.

On 1st January 2005, the Code of Best Practice was replaced by the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange. The Company adopted all the code provisions in the Code as its own code on corporate governance practices.

During the period under review, the Company has met the code provisions (those which became effective for accounting periods beginning on or after 1st January 2005) as set out in the Code except for the code provision A.2.1 that the roles of the chairman and the chief executive officer ("CEO") should be separate and should not be performed by the same individual.

The Board has on 13th December 2005 approved and adopted a memorandum relating to the division of responsibilities between the chairman and the CEO and appointed Mr. TIONG Kiew Chiong as the CEO of the Company.

By Order of the Board
TIONG Kiew Chiong
Director

Hong Kong, 13th December 2005

As at the date of this announcement, Tan Sri Datuk TIONG Hiew King, Mr. TIONG Kiu King, Dr. TIONG Ik King and Mr. TIONG Kiew Chiong are executive directors of the Company. Mr. TANG Ying Yu, Mr. David YU Hon To and Mr. Victor YANG are independent non-executive directors of the Company.

Please also refer to the published version of this announcement in South China Morning Post.