



ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003

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 2003 are as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	(Unaudited)	
		Six months ended 30th September 2003	2002 As restated HK\$ '000
Turnover	1	524,664	609,724
Cost of sales		(380,329)	(451,292)
Gross profit		144,335	158,432
Other revenues		2,288	2,234
Selling and distribution expenses		(65,354)	(77,213)
Administrative expenses		(52,788)	(51,224)
Other operating expenses		(1,701)	(5,536)
Operating profit	2	26,780	26,693
Finance costs		(1,183)	(1,363)
Share of losses of associated companies		(4,359)	(4,030)
Profit before taxation		21,238	21,300
Taxation	3	(6,704)	(2,711)
Profit after taxation		14,534	18,589
Minority interests		7	786
Profit attributable to shareholders		14,541	19,375
Dividends	4	(19,657)	(15,694)
Basic earnings per share	5	3.7 cents	4.9 cents

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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:

Business segments	(Unaudited)							
	Six months ended 30th September							
	Publishing		Travel and travel related services		Internet businesses (note)		Group	
2003	2002	2003	2002	2003	2002	2003	2002	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover								
External sales	331,794	345,501	183,171	254,372	9,699	9,851	524,664	609,724
Inter segment sales	–	–	3,185	4,239	–	–	3,185	4,239
	<u>331,794</u>	<u>345,501</u>	<u>186,356</u>	<u>258,611</u>	<u>9,699</u>	<u>9,851</u>	<u>527,849</u>	<u>613,963</u>
Elimination	–	–	(3,185)	(4,239)	–	–	(3,185)	(4,239)
	<u>331,794</u>	<u>345,501</u>	<u>183,171</u>	<u>254,372</u>	<u>9,699</u>	<u>9,851</u>	<u>524,664</u>	<u>609,724</u>
Segment results	<u>27,786</u>	<u>30,317</u>	<u>(197)</u>	<u>2,501</u>	<u>(603)</u>	<u>(7,266)</u>	<u>26,986</u>	<u>25,552</u>
Interest income							1,511	1,615
Unallocated expenses							(1,717)	(474)
Operating profit							<u>26,780</u>	<u>26,693</u>

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

Geographical segments	(Unaudited)				(Unaudited)			
	Turnover				Segment results			
	Six months ended 30th September				Six months ended 30th September			
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong			309,950	382,424			26,079	25,202
Canada			130,275	131,503			7,156	7,445
The United States of America			75,611	89,099			(4,829)	(4,932)
The Mainland China			8,828	6,698			(1,420)	(2,163)
			<u>524,664</u>	<u>609,724</u>			<u>26,986</u>	<u>25,552</u>
Interest income							1,511	1,615
Unallocated expenses							(1,717)	(474)
Operating profit							<u>26,780</u>	<u>26,693</u>

2 Operating profit

Operating profit is stated after charging depreciation amounted to HK\$15,808,000 (2002: HK\$17,365,000).

3 Taxation

	(Unaudited)				(Unaudited)			
	Six months ended 30th September 2003				Six months ended 30th September 2002			
	Current taxation	Deferred taxation	Total		Current taxation	Deferred taxation	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	5,523	(976)	4,547	2,525	(1,007)	1,518		
Overseas	2,237	(80)	2,157	1,193	–	1,193		
	<u>7,760</u>	<u>(1,056)</u>	<u>6,704</u>	<u>3,718</u>	<u>(1,007)</u>	<u>2,711</u>		

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

4 Dividends

	(Unaudited)	
	Six months ended 30th September	
	2003	2002
	HK\$'000	HK\$'000
Final, paid, of HK3 cents (2002: HK2 cents) per ordinary share	11,770	7,847
Interim, proposed, of HK2 cents (2002: HK2 cents) per ordinary share	7,887	7,847
	<u>19,657</u>	<u>15,694</u>

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5 Earnings per share

The calculation of the basic earnings per share is based on the Group's unaudited profit attributable to shareholders for the period of HK\$14,541,000 (2002: HK\$19,375,000, as restated) and the weighted average of 392,357,590 shares (2002: 392,345,000 shares) in issue during the period.

No diluted earnings per share were presented as the exercise of the outstanding share options of the Company would have an anti-dilutive effect for both of the periods ended 30th September 2003 and 2002.

6 Comparative figures

Due to the adoption of the new SSAP 12 "Income taxes" during the current period, certain comparative figures have been restated to conform with the current period's presentation.

RESULTS SUMMARY

In a fundamentally weak local economy that was exacerbated by the outbreak of the Severe Acute Respiratory Syndrome ("SARS"), in which all business sectors were adversely affected, the Group's turnover for the six months ended 30th September 2003 declined by 14%. The decrease was mainly due to the setback in the Group's tour business which was seriously affected by the SARS epidemic. Despite the difficult market conditions, the Group remained profitable and has recorded an operating profit of HK\$26,780,000 which was marginally higher than that of the last corresponding period. Profit attributable to shareholders was HK\$14,541,000 compared to last year's HK\$19,375,000. The decrease was mainly caused by the increase in tax provisions for the period.

REVIEW OF OPERATIONS

Newspapers

During the first two months of the financial year 2003-2004, advertisers facing market uncertainties because of SARS either cancelled or postponed their advertising campaigns and budgets, the advertising revenue of Ming Pao Daily News fell by about one third. The situation improved in the second quarter after the implementation of various economic stimulating measures by the local government. The Daily's business improved strongly and its turnover for the second quarter exceeded that of the same period last year. The overall drop in revenue for the first half year narrowed to 8% only. There has been improvement in nearly all business divisions, in particular the property and education markets.

The overall operating costs of Ming Pao Daily News during the period under review were down by 9% when compared to last year, which was attributable to low newsprint price and cost savings in streamlining the operations. The Daily's result for the period was satisfactory and was at about last year's level.

During the six months under review, the Daily continued to diversify its businesses into providing more value-added advertorial services to corporate customers, and publishing supplements of varied subjects such as "Real Madrid Photo Album", "SARS Hearts in Unity Album", various season fashion supplements, and a series of educational publications including "A Guide to Further Studies Overseas 2003" and "A Guide to Primary Schools Admission 2003". These services and publications are widely appreciated by advertisers and our readers.

The Daily's overseas editions in Toronto and Vancouver entered their tenth year of operations with performances for the period both encouraging and satisfactory: combined turnover recorded a more than 15% increase over that of last year; operating profit of the Toronto edition was stable whilst that of the Vancouver edition recorded an impressive increase. The New York edition continued to make good progress on costs control, its operating loss was further reduced by 8% when compared to the corresponding period last year.

Magazines and books

The outbreak of SARS further eroded local consumer confidence in the first quarter of this fiscal year. Revenues from the Group's magazines division were down by nearly 20% during this affected difficult period. However, as the economy started to improve in the second quarter, the shortfall was reduced to 12% by the end of the first half year. The operating profit from this division was also significantly affected. Nevertheless, the Group has confidence that the local economy will continue to improve in the second half year and concerted effort has been exerted by the management to improve the quality of the Group's magazines so as to gain advertising market share and to increase circulation. A new split book of Ming Pao Weekly titled "mw beauté" was launched in July 2003 with enriched columns on health and beauty. In addition, HI-TECH WEEKLY was also revamped in November 2003 with a brand new layout and enhanced content. Responses from advertisers and readers are positive and encouraging.

During the period, Ming Pao Publications published a series of educational books targeted at students which was well received. Its turnover registered a growth rate of 12% in the six-month period and it made positive contribution to the Group.

Travel

Among the business divisions of the Group, the travel business was the hardest hit by the SARS outbreak in March 2003. The Group's tour operator in Hong Kong, Charming Holidays, suffered a drastic drop in its number of passengers and inevitably recorded an operating loss during this period. Fortunately, the situation improved since June 2003 when people started to regain their confidence and resume travelling. Tour sales for Charming Holidays during the usual peak season in July and August 2003 managed to recover to a satisfactory level.

During the period under review, the Delta Group, the Group's travel operator in North America, continued to maintain a steady growth on its outbound sales and achieved a satisfactory result although its inbound revenue was adversely affected.

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Internet business

In the first half year, Mingpao.com made good progress on its news subscription service which was introduced in February 2003. Its website's page views continue to grow to a level of over four million per day. Due to the tough market conditions, the turnover of Mingpao.com for the first six months decreased slightly by 2%. However, with effective and continuous controls over operating costs, it successfully minimised its loss and achieved a small operating profit in the second quarter.

Community services and donations

The Group has been actively participating in various community services. In May 2003, Ming Pao Daily News co-organised with the Hong Kong Performing Artists Guild to set up the "Project Blossom" raising education funds for children of SARS victims. Over HK\$23 million was raised and up to the date of this report more than 270 needy children were benefited from the fund. In July 2003, Ming Pao Daily News took part in the "East China Flood Relief Project" campaign to raise funds for victims of serious flooding in Anhui Province, PRC. The Group and Tan Sri Datuk TIONG Hiew King, the Chairman of the Group, each donated HK\$0.5 million as seed money to the project. Up to the date of this report, more than HK\$8 million was raised for the campaign and so far HK\$5.8 million has been granted to various charitable organisations such as World Vision Hong Kong and Oxfam Hong Kong for distributing to the victims.

OUTLOOK

Looking ahead, the Group is optimistic that the local economy will continue to improve which will benefit the Group's publishing and tour businesses to a large extent. At the same time, we will continue to enhance the quality of the Group's publications so as to strengthen Ming Pao's brand name and its market share. Having secured a leading position in the Chinese newspapers' markets in Toronto and Vancouver and a strong presence in New York, and with an aim to serve the Chinese worldwide, we plan to launch another overseas edition in San Francisco in the first half of next year. With a team of devoted staff and a healthy financial position, the Group has confidence to achieve better results in the coming years.

CAPITAL EXPENDITURE

The Group's total capital expenditure for fixed assets for the six months period ended 30th September 2003 amounted to HK\$9,323,000. After the balance sheet date, an indirect subsidiary of the Group purchased certain printing equipment at a consideration of HK\$6,100,000 of which HK\$660,000 was paid as deposit during the period.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

As the majority of the revenue, expenses, assets and liabilities of the Group are denominated in Hong Kong dollars, the Group does not have significant risk in exposure to fluctuations in exchange rates.

FINANCIAL POSITION

As at 30th September 2003, the Group's net current assets amounted to HK\$235,599,000 and the shareholders' funds were HK\$581,385,000. Total bank borrowings and finance lease obligations were HK\$31,658,000 and the gearing ratio, which is defined as the ratio of total bank borrowings to shareholders' funds, was 0.0545. Total cash balance at 30th September 2003 was HK\$180,761,000 and net cash position was HK\$149,103,000 after deducting the total bank borrowings.

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

The register of members will be closed from Tuesday, 23rd December 2003, to Monday, 29th December 2003, 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 G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 22nd December 2003. The interim dividend will be paid on Wednesday, 7th January 2004.

EMPLOYEES

As at 30th September 2003, the Group has approximately 1,400 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 2003 with the directors.

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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, 5th December 2003

Please also refer to the published version of this announcement in The Standard dated on 8-12-2003.