



MING PAO ENTERPRISE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 685)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2004

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 2004 are as follows:

	Note	(Unaudited)	
		Six months ended 30th September 2004 HK\$'000	2003 HK\$'000
Turnover	1	633,157	491,426
Cost of sales		(466,507)	(348,289)
Gross profit		166,650	143,137
Other revenues		1,904	2,288
Selling and distribution expenses		(75,527)	(64,156)
Administrative expenses		(61,976)	(52,788)
Other operating income/(expenses)		2,799	(1,701)
Operating profit	2	33,850	26,780
Finance costs	3	(1,201)	(1,183)
Share of losses of associated companies		(1,784)	(4,359)
Profit before taxation		30,865	21,238
Taxation	4	(9,247)	(6,704)
Profit after taxation		21,618	14,534
Minority interests		(1,078)	7
Profit attributable to shareholders		20,540	14,541
Dividends	5	(27,681)	(19,663)
Basic earnings per share	6	5.2 cents	3.7 cents
Diluted earnings per share	6	5.2 cents	N/A

Notes:

1. Segment information

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 (notes (a) to (c))		Travel and travel related services (notes (b) and (c))		Group (note (c))	
2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	
Turnover						
External sales	381,947	336,161	251,210	155,265	633,157	491,426
Inter segment sales	–	–	566	141	566	141
	381,947	336,161	251,776	155,406	633,723	491,567
Elimination	–	–	(566)	(141)	(566)	(141)
	381,947	336,161	251,210	155,265	633,157	491,426
Segment results	27,814	27,188	5,675	(202)	33,489	26,986
Interest income					1,576	1,511
Unallocated expenses					(1,215)	(1,717)
Operating profit					33,850	26,780

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Geographical segments	(Unaudited) Turnover		(Unaudited) Segment results	
	Six months ended 30th September		Six months ended 30th September	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Hong Kong	391,285	309,950	45,526	26,079
Canada (note (c))	121,935	98,235	8,315	7,156
The United States of America	98,639	75,611	(20,070)	(4,829)
The Mainland China (note (c))	21,298	7,630	(282)	(1,420)
	<u>633,157</u>	<u>491,426</u>	<u>33,489</u>	<u>26,986</u>
Interest income			1,576	1,511
Unallocated expenses			(1,215)	(1,717)
Operating profit			<u>33,850</u>	<u>26,780</u>

Notes:

- (a) Publishing turnover comprises sale of newspapers, periodicals and books, advertising income and income derived from the Group's various portals.
- (b) Following a change in the Group's business strategy, the previously reported Internet business segment has been combined with the publishing business segment and the travel and travel related services business segment. The directors are of the opinion that this change in reportable segment information provides a more appropriate presentation of the Group's business operations.
- (c) Certain comparative figures have been restated to conform with the current period's presentation.

2. Operating profit

Operating profit is stated after charging the following:

	(Unaudited)	
	Six months ended 30th September	
	2004 HK\$'000	2003 HK\$'000
Cost of inventories sold	86,173	66,906
Depreciation	16,472	15,808
Staff costs (including directors' emoluments)	163,881	144,363
Gain on disposal of partial interests in subsidiaries	<u>2,897</u>	<u>-</u>

3. Finance costs

	(Unaudited)	
	Six months ended 30th September	
	2004 HK\$'000	2003 HK\$'000
Interest expenses on bank loans and overdrafts	721	967
Interest element of finance leases	<u>480</u>	<u>216</u>
	<u>1,201</u>	<u>1,183</u>

4. Taxation

The amount of taxation charged to the consolidated profit and loss account represents:

	(Unaudited)	
	Six months ended 30th September	
	2004 HK\$'000	2003 HK\$'000
Company and subsidiaries		
Hong Kong profits tax	6,951	5,523
Overseas taxation	2,148	2,237
Deferred taxation	148	(1,056)
	<u>9,247</u>	<u>6,704</u>

Hong Kong profits tax is provided at the rate of 17.5% (2003: 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.

5. Dividends

	(Unaudited)	
	Six months ended 30th September	
	2004 HK\$'000	2003 HK\$'000
Final, paid, of HK3 cents (2003: HK3 cents) per ordinary share	11,868	11,770
Special, paid, of HK1 cent (2003: nil) per ordinary share	3,955	-
Interim, proposed, of HK3 cents (2003: HK2 cents) per ordinary share	11,858	7,893
	<u>27,681</u>	<u>19,663</u>

The directors have declared an interim dividend of HK3 cents (2003: HK2 cents) per ordinary share payable on 7th January 2005 to shareholders whose names appear on the register of members of the Company on 29th December 2004.

6. 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\$20,540,000 (2003: HK\$14,541,000) and the weighted average of 396,861,213 shares (2003: 392,357,590 shares) in issue during the period.

The diluted earnings per share is based on 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 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. No diluted earnings per share for the period ended 30th September 2003 was presented as the exercise of the outstanding share options of the Company would have an anti-dilutive effect.

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RESULTS SUMMARY

For the six months ended 30th September 2004, the Group reported a consolidated turnover of HK\$633,157,000, an upsurge of 29% compared to the last corresponding period. The profit attributable to shareholders amounted to HK\$20,540,000, which is a significant 41% improvement over the same period last year.

REVIEW OF OPERATIONS

Publishing - Newspapers

Benefiting from the improving local economic conditions since the last quarter of 2003, Ming Pao Daily News (the "Daily") recorded a double digit growth in its advertising revenues over that of the same period last year. Among the Daily's various revenue sectors, recruitment advertising jumped by 45%, reflecting a strong recovery in the local labour market, while the education and property sectors also showed a steady growth during the period. The Daily's special supplements and spin-off publications, covering a variety of topics including sports, fashion, travel, investments and education, made strong appeal to both advertisers and readers and contributed additional advertising and circulation revenues. Despite the increase in newspaper prices, the Daily managed to achieve an impressive increase of 40% in its operating profit for the period through expansion of new revenue opportunities and improvements in productivity.

With the fast changing online environment and to meet the requirements of the advertisers, the Group designs and provides its advertisers with multi-platform solutions for their advertising campaigns through the Group's various publications as well as its electronic platforms. Advertising income generated by Mingpao.com has therefore increased significantly during the period. Its content providing income also showed an impressive growth, representing an endorsement of the Daily's high journalistic standard. Coupled with the continuous effort in cost controls, Mingpao.com continued to make a positive contribution to the Group during the period.

Both the Toronto and Vancouver editions of the Daily achieved outstanding business performance during the period, mainly attributable to the improving Canadian economic climate and management's aggressive marketing strategies. Combined turnover of the two editions registered a double digit growth and they made a satisfactory contribution to the Group's results. Through continuous and concerted efforts in increasing productivity and streamlining the Daily's New York operations, the Group has seen an improvement in the New York edition's operating results during the period. In April 2004, the Daily has successfully launched its new San Francisco edition which was well received by advertisers and readers alike. The new edition's operating results for the first half year was very much within the management's expectation. The Group is optimistic about this new market and will continue to invest resources there in the next two to three years.

Publishing - Magazines (lifestyle and popular culture)

Following the strategic alliance with Redgate Media Inc. ("Redgate") in April 2004, a new company, One Media Group, was formed to operate the Group's magazine business. Titles currently published include Ming Pao Weekly, HI-TECH WEEKLY, City Children's Weekly and four magazines published by Media2U, the subsidiary newly acquired from Redgate.

Media2U holds a number of exclusive licences of the Chinese versions of well-known international magazines for publication in China. Titles published during the period under review include Popular Science, Top Gear, Digital Camera and T3 - Tomorrow's Technology Today. Popular Science has been published in the China market for eight years while the other three magazines were launched in early 2004. Popular Science, under a licence from a subsidiary of Time Inc., is one of the oldest titles in the US market and leading in the field of science and technology. Top Gear, from the BBC, is the UK's leading automotive title in terms of both circulation and popularity. Digital Camera, from Future Networks, is one of the first titles published in China to focus exclusively on the emerging field of digital photography. T3, one of Future Networks' flagship titles, is also one of the most licensed titles in the world which is available on nearly every continent and in more than ten languages.

In the first six months, Ming Pao Weekly benefited from the improved local economy and recovery in advertising spending. Its advertising revenues rose by more than 20%. HI-TECH WEEKLY launched a new split book "@WORK" in May 2004 focusing on IT solutions for offices which, together with the increasing demand of telecommunication products, helped increase the advertising revenues of HI-TECH WEEKLY by nearly 40% when compared to the last corresponding period. City Children's Weekly went through a major revamp in July 2004 by improving its layout design and editorial content. In addition, various marketing and promotional events were launched in cooperation with advertisers and sponsors, generating satisfactory revenues for this magazine.

Publishing - Magazines (cultural and current affairs)

The performance of Ming Pao Monthly remained stable while the operating loss of Yazhou Zhoukan was further reduced within the management's expectation.

Travel and travel related services

Following the strong economic recovery coupled with increasing consumers' spending confidence after the SARS epidemic, people in Hong Kong resumed travelling actively. Charming Holidays' business has therefore recovered strongly and reported a nearly two-fold increase in its tour business resulting in a remarkable profit to the Group in the first half year. The Group's tour operator in North America, Delta, also made good progress during the period as reflected by the increases in its turnover and operating profit of over 40% and 50% respectively over those of the same period last year.

Community services

The "East China Flood Relief Project" which was launched in July 2003 to help raising funds for the suffering victims from serious floods along the Huai River was completed in May 2004. All funds raised were fully accounted for and distributed through various charitable organizations to the victims. Besides, Ming Pao Daily News continues to participate in organizing the "Guangdong Province Remote Area Education Relief Fund" and other educational and charitable activities as part of the Group's continuous commitment to the community.

OUTLOOK

We are optimistic that the global economy will continue to grow. However, escalating newspaper prices will exert pressure on the Group's profit margin. The management as always will apply a prudent newspaper purchase and inventory policy while at the same time enhance efficiencies in all other operation functions. Our expansion into the Mainland China's magazines market will be an ongoing and integral part of our business development. Our lifestyle magazine flagship, One Media Group, is in its progressive preparatory stage to launch additional lifestyle titles in the Mainland China next year. The Group will continue to explore new investment opportunities, strengthen relationships with our readers and advertisers and increase returns to our shareholders.

CAPITAL EXPENDITURE

The Group's total capital expenditure for fixed assets for the six months ended 30th September 2004 amounted to HK\$10,211,000.

PLEDGE OF ASSETS

As at 30th September 2004, certain machinery and printing equipment, land and buildings, and assets of certain subsidiaries with an aggregate value of HK\$377,376,000 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 and RMB remain pegged to US dollars, the Group does not foresee a substantial exposure for US dollars and RMB in this regard.

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For the revenues and costs denominated in Canadian dollars, the Group generally endeavours to hedge its foreign currency positions with the appropriate level of borrowings in the same currency.

FINANCIAL POSITION

As at 30th September 2004, the Group's net current assets amounted to HK\$256,781,000 (31st March 2004: HK\$243,998,000) and the shareholders' funds were HK\$606,390,000 (31st March 2004: HK\$601,132,000). Total bank borrowings and finance lease obligations were HK\$48,821,000 (31st March 2004: HK\$53,778,000) and the gearing ratio, which is defined as the ratio of total bank borrowings to shareholders' funds, was 0.0805 (31st March 2004: 0.0895).

The Group's cash flow remained stable. As at 30th September 2004, total cash balance was HK\$179,257,000 (31st March 2004: HK\$188,389,000) and net cash position was HK\$130,436,000 (31st March 2004: HK\$134,611,000) after deducting the total bank borrowings.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the period, the Company repurchased a total of 2,005,000 of its listed shares on The Stock Exchange of Hong Kong Limited (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:

Month/Year	Number of shares repurchased	Purchase price per share		Aggregate purchase consideration HK\$
		Highest HK\$	Lowest HK\$	
August 2004	1,770,000	1.45	1.40	2,541,400
September 2004	235,000	1.41	1.35	323,530
	<u>2,005,000</u>			<u>2,864,930</u>

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 retained profits. 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.

CONTINGENT LIABILITIES

As at 30th September 2004, the Company had contingent liabilities in respect of guarantees issued in favour of certain of its subsidiaries totalling HK\$150,659,000 (31st March 2004: HK\$154,651,000) in connection with general banking facilities granted to those subsidiaries. As at 30th September 2004, total facilities utilised amounted to HK\$41,899,000 (31st March 2004: HK\$35,994,000).

CLOSURE OF THE REGISTER OF THE MEMBERS

The register of members will be closed from Thursday, 23rd December 2004, to Wednesday, 29th December 2004, 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 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 22nd December 2004.

EMPLOYEES

As at 30th September 2004, the Group has approximately 1,470 employees (31st March 2004: 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 2004.

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 in force prior to 31st March 2004, which are applicable to results announcement in respect of accounting period commencing before 1st July 2004 under the transitional arrangements, will be published on the Stock Exchange's website in due course.

By Order of the Board
TIONG Kiew Chiong
Director

Hong Kong, 24th November 2004

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 The Standard dated 25 November 2004.