明報

MING PAO ENTERPRISE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 685)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2005

The directors of Ming Pao Enterprise Corporation Limited (the "Company") announce that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2005 are as follows:

	Notes	2005 HK$'000	2004 HK$'000
Turnover	2	**1,168,679**	1,001,788
Cost of sales		**(828,499)**	(691,821)
Gross profit		**340,180**	309,967
Other revenues		**3,822**	3,269
Selling and distribution expenses		**(165,952)**	(133,051)
Administrative expenses		**(106,287)**	(114,254)
Other operating income/(expenses)		**3,414**	(707)
Operating profit	3	**75,177**	65,224
Finance costs	4	**(2,325)**	(2,349)
Share of losses of associated companies		**(3,677)**	(5,380)
Profit before taxation		**69,175**	57,495
Taxation	5	**(21,152)**	(15,573)
Profit after taxation		**48,023**	41,922
Minority interests		**(7,833)**	(58)
Profit attributable to shareholders		**40,190**	41,864
Dividends	6	**(27,635)**	(23,787)
Basic earnings per share	7	**10 cents**	11 cents
Diluted earnings per share	7	**10 cents**	11 cents

Notes:

1. Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention except that certain properties and trading securities are stated at fair value.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are generally effective for accounting periods beginning on or after 1st January 2005. The Group has not early adopted these new HKFRSs in the preparation of these accounts.

The Group is in the process of making an assessment of the impact of these new HKFRSs and has so far concluded that the more significant differences between the new HKFRSs and current accounting policies that are expected to affect the Group are as follows:

Goodwill

Under HKFRS 3 "Business Combinations", goodwill will no longer be amortised but instead will be subject to rigorous annual impairment testing. This will result in a change to the Group's current accounting policy under which goodwill is amortised over its useful life of not exceeding 15 years and assessed for an indication of impairment at each balance sheet date. Under the new policy, amortisation will no longer be charged, but goodwill will be tested annually for impairment, as well as when there are indications of impairment. This new policy will be applied prospectively from 1st January 2005.

The Group will be continuing with the assessment of the impact of the other new HKFRSs and other significant changes may be identified as a result.

2. 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 year, analysed by business segment and geographical segment, are as follows:

	Turnover		**Segment results**	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Business segments:				
Publishing *(notes (a) & (b))*	**778,586**	707,740	**72,074**	68,466
Travel and travel related services *(note (b))*	**390,093**	294,048	**1,359**	(1,071)
	1,168,679	1,001,788	**73,433**	67,395
Interest income			**2,949**	2,483
Unallocated expenses			**(1,205)**	(4,654)
Operating profit			**75,177**	65,224
Finance costs			**(2,325)**	(2,349)
Share of losses of associated companies			**(3,677)**	(5,380)
Profit before taxation			**69,175**	57,495

	Turnover		Segment results	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Geographical segments:				
Hong Kong	**737,114**	653,927	**100,850**	74,178
Canada	**221,548**	191,891	**12,330**	8,233
The United States of America	**176,272**	138,370	**(36,404)**	(12,558)
The Mainland China	**33,745**	17,600	**(3,343)**	(2,458)
	1,168,679	1,001,788	**73,433**	67,395
Interest income			**2,949**	2,483
Unallocated expenses			**(1,205)**	(4,654)
Operating profit			**75,177**	65,224
Finance costs			**(2,325)**	(2,349)
Share of losses of associated companies			**(3,677)**	(5,380)
Profit before taxation			**69,175**	57,495

Notes:

(a) Publishing turnover comprises sale of newspapers, periodicals and books, advertising income and income derived from the Group's various Internet portals.

(b) Following a change in the Group's business strategy, relevant turnover and results of the previously reported Internet business segment have 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.

3. Operating profit

Operating profit is stated after charging/(crediting) the following:

	2005	2004
	HK$'000	*HK$'000*
Cost of inventories sold	**180,552**	142,363
Depreciation		
owned fixed assets	**31,067**	30,497
leased fixed assets	**1,565**	930
Staff costs (including directors' emoluments)	**322,699**	290,218
Gain on disposal of partial interests in subsidiaries	**(2,054)**	—

4. Finance costs

	2005	2004
	HK$'000	*HK$'000*
Interest expenses on bank loans and overdrafts	**1,695**	1,874
Interest element of finance leases	**630**	475
	2,325	2,349

5. Taxation

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

	2005	2004
	HK$'000	*HK$'000*
Hong Kong profits tax		
current year	**16,879**	13,304
under provision in prior years	**9**	285
Overseas taxation		
current year	**4,527**	3,112
over provision in prior years	**(445)**	(364)
Deferred taxation	**182**	(764)
	21,152	15,573

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

6. Dividends

	2005	2004
	HK$'000	*HK$'000*
Interim, paid, of HK3 cents (2004: HK2 cents) per ordinary share	**11,858**	7,893
Final, proposed, of HK4 cents (2004: HK3 cents) per ordinary share	**15,777**	11,921
Special, proposed, of HK Nil cent (2004: HK1 cent) per ordinary share	**—**	3,973
	27,635	23,787

The board of directors has resolved to recommend a final dividend of HK4 cents (2004: HK3 cents) per ordinary share for the year ended 31st March 2005. Upon approval by the shareholders, the final dividend will be paid on 15th September 2005 to shareholders whose names appear on the register of members of the Company on 11th August 2005.

7. Earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to shareholders for the year of HK$40,190,000 (2004: HK$41,864,000).

The basic earnings per share is based on the weighted average number of 395,924,441 (2004: 393,616,421) ordinary shares in issue during the year. The diluted earnings per share is based on 396,065,963 (2004: 394,080,481) ordinary shares which is the weighted average number of ordinary shares in issue during the year plus the weighted average number of 141,522 (2004: 464,060) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

RESULTS SUMMARY

The Group's consolidated turnover for the year shows an increase of 16.7% and reached HK$1,169 million versus last year's HK$1,002 million. Consolidated pre-tax profit recorded an increase of 20.3% and amounted to HK$69.2 million (2004: HK$57.5 million). The Group's profit after deduction of taxation and minority shareholders' interests amounted to HK$40.2 million versus HK$41.9 million of last year. The earnings per share was HK10 cents (2004: HK11 cents).

The Group recorded growth in all its business segments; however, the operating profit has been affected by the escalating newsprint prices and start-up costs of the Daily's new edition in San Francisco and the Chinese language magazines in Mainland China which the Group acquired during the year.

During the year, the Group concluded a strategic alliance with Redgate Media Inc. ("Redgate"). Pursuant to the transaction, Winmax Resources Limited ("Winmax"), a subsidiary of the Company which operates the Group's lifestyle magazine business, allotted 40% of its issued share capital to Redgate. As a consideration, Redgate transferred its 100% equity interest in Media2U Group together with a cash payment of HK$8.9 million to Winmax. Media2U Group, which is in the start-up stage, operates content licensing and advertising businesses of several Chinese language magazines in Mainland China, namely Popular Science, Top Gear, Digital Camera and T3-Tomorrow's Technology Today. The board believes that the transaction would create synergies among the Group's lifestyle magazines and pave the way for the Group's penetration into the lucrative and fast-growing advertising market in Mainland China.

BUSINESS REVIEW

Segment results

Results of both the Group's publishing and travel business segments have improved, with increases in the segments' turnover of 10.0% and 32.7% respectively. The publishing business segment recorded a 5.3% improvement in its segment result this year while the travel business segment achieved a turnaround from last year's loss to a profit of HK$1.4 million.

Publishing business segment

Revenues from the publishing business, which accounted for 66.6% of the Group's turnover, increased year on year by 10.0% to HK$779 million. The growth was mainly attributable to the improvement in the worldwide economy and the press advertising markets. The Group recorded an overall 16.2% increase in its advertising revenues when compared to last year. The growth in advertising revenues was achieved across all the Group's publications, with particularly strong performance from Ming Pao Daily News and Ming Pao Weekly.

Benefiting from the recovery in the local economy, the Daily in Hong Kong recorded sales growth in most of its advertising sectors. Significant improvement was seen in the Daily's advertisements for the finance sector, recruitment classified and travel related businesses. Revenues from these advertising sectors went up by 71.7%, 45.2% and 44.3% respectively when compared to the prior year. The Daily in Hong Kong, which is well acclaimed by the local education sector for its high journalistic standard, saw a 7.5% growth in its education-related advertisements during the year.

Ming Pao Weekly, the Group's flagship lifestyle magazine, also had an excellent year and registered a growth of 18.4% in its advertising revenues. The increase was largely due to the advertisements placed by international premium brand name advertisers.

To supplement growth of its business, the Group set up the Daily's San Francisco edition and concluded the business alliance with Redgate during the year. Through these strategic movements, the Group now has four newspaper editions in North America, providing news services to all Chinese readers residing there. The acquisition of the Media2U Group from Redgate, on the other hand, effectively expands the Group's presence in Mainland China and provides the Group with a larger customer base which in turn lead to increase in cross-selling across regions and acceleration of sales growth.

As more marketing effort was put into promoting the San Francisco edition and the newly acquired Chinese language magazines in Mainland China market, the overall selling and distribution expenses of the Group for the year 2005 rose by 24.7%. These new businesses contributed approximately 3.4% to the Group's advertising revenues for the year.

Travel business segment

Revenues from the Group's tour business were up by 32.7% or approximately HK$96 million when compared to the prior year. The significant growth was attributable to the global economic recovery, which helps to boost both business activities and consumer confidence. As a result more leisure and business travelling were conducted this year. The provision of high quality services and the introduction of new tour packages also contributed to the improvement in revenues and the bottom line of the segment.

Associated companies

During the year the performance of the Group's associated companies which operate the renowned Chinese newsweekly, Yazhou Zhoukan, continued to improve, and the Group's share of losses was further reduced to HK$3.7 million, 31.7% lower than that of the previous year.

OUTLOOK

Globalization presents a unique challenge to all business operators including Chinese media publishers. The world is connected irrespective of geographical differences. A global Chinese community is quickly emerging which generates huge demand for news information. The Group has completed the task of publishing overseas editions of Ming Pao in San Francisco, New York, Toronto and Vancouver, where most Chinese population resides in North America. In the past few months, we have forged content exchange agreements with the Guangzhou Daily Group in Southern China and the China Times Group in Taiwan. These strategic alliances would enable the Group's publications to supply more comprehensive and updated information on Mainland China and Taiwan to our readers.

Looking ahead, we are exploring ways of working with the Group's sister companies in Malaysia, which is a leading Chinese newspaper group in Southeast Asia, to better serve the global Chinese community such as content exchanges and mutual assistance in reporting assignments.

In May 2005, an application was made for the separate listing of One Media Group, the newly formed company which operates the Group's lifestyle magazine business, on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The board believes that the successful spin-off and listing of One Media Group will help the Group to tap into the fast growing Chinese language lifestyle magazine market in Mainland China.

The board anticipates that the newsprint prices and labour costs will continue to rise in the coming year. Stringent controls will continue to be exercised on the Group's headcount and purchases and consumption of newsprint. At the same time, the management will continue its strive to improve efficiencies in all operating units.

DISCLOSEABLE TRANSACTION

During the year, the Group concluded a strategic alliance with Redgate Media Inc. ("Redgate"). Pursuant to the transaction, Winmax Resources Limited ("Winmax"), a subsidiary of the Company which operates the Group's lifestyle magazine business, allotted 40% of its issued share capital to Redgate. As a consideration, Redgate transferred its 100% equity interest in Media2U Group together with a cash payment of HK$8.9 million to Winmax.

As a condition of the above transaction, Redgate has undertaken to Winmax's immediate holding company, Starsome Limited ("Starsome"), that if Media2U Group cannot achieve an agreed pre-tax profit, Redgate shall pay to Starsome a pre-determined cash amount or, at the discretion of Redgate and in lieu of payment of such cash payment, reduce Redgate's shareholding in Winmax by transferring its Winmax shares to Starsome in accordance with an agreed schedule. Details of the transaction were disclosed in the Company's announcement dated 12th March 2004.

Media2U Group is engaged in operating lifestyle magazines in Mainland China. The board of directors considered that the strategic alliance with Redgate would create synergies among the Group's lifestyle magazines and pave the way for the Group's penetration into the lucrative and fast-growing advertising market in Mainland China.

CAPITAL EXPENDITURE

The Group's total capital expenditure for fixed assets for the year ended 31st March 2005 amounted to HK$16,003,000.

PLEDGE OF ASSETS

As at 31st March 2005, certain machinery and printing equipment, land and buildings, and assets of certain subsidiaries with an aggregate value of HK$370,498,000 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.

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 31st March 2005, the Group's net current assets amounted to HK$277,275,000 (31st March 2004: HK$243,998,000) and the shareholders' funds were HK$613,563,000 (31st March 2004: HK$601,132,000). Total bank borrowings and finance lease obligations were HK$57,788,000 (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 0.0942 (31st March 2004: 0.0895).

As at 31st March 2005, the Group's total cash balance was HK$190,158,000 (31st March 2004: HK$188,389,000) and net cash position was HK$132,370,000 (31st March 2004: HK$134,611,000) after deducting the total bank borrowings.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, the Company repurchased a total of 2,924,000 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:

Month/Year	Number of shares repurchased	Purchase price per share Highest *HK$*	Purchase price per share Lowest *HK$*	Aggregate purchase consideration *HK$*
August 2004	1,770,000	1.45	1.40	2,541,400
September 2004	235,000	1.41	1.35	323,530
October 2004	87,000	1.57	1.43	129,030
December 2004	178,000	1.50	1.45	261,940
January 2005	224,000	1.47	1.44	325,750
February 2005	280,000	1.60	1.47	425,350
March 2005	150,000	1.55	1.50	228,550
	2,924,000			4,235,550

All the repurchased shares were cancelled during the year. 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 the Company's 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 year.

CONTINGENT LIABILITIES

As at 31st March 2005, the Company had contingent liabilities in respect of guarantees issued in favour of certain of its subsidiaries totalling HK$163,820,000 (31st March 2004: HK$154,651,000) in connection with general banking facilities granted to those subsidiaries. As at 31st March 2005, total facilities utilised amounted to HK$48,595,000 (31st March 2004: HK$35,994,000).

One of the Company's subsidiaries is being involved in an investigation by the Chinese authority regarding the printing for third party publishers of certain materials, part of the content of which was alleged to be not allowed under the laws of Mainland China. This subsidiary is now in its normal operation. As of the date on which the Company's accounts are approved, the Company is not able to predict the outcome of the investigation. Having discussed with the legal counsel, the board of directors believes that there is no significant impact on the results of the operations and the financial position of the Group.

CLOSURE OF THE REGISTER OF THE MEMBERS

The register of members will be closed from Friday, 5th August 2005, to Thursday, 11th August 2005, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend of HK4 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 Thursday, 4th August 2005.

EMPLOYEES

As at 31st March 2005, 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.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

In the opinion of the board of directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 (in force prior to 1st January 2005) of the Listing Rules of the Stock Exchange throughout the year ended 31st March 2005. On 1st January 2005, the Code of Best Practice was replaced by the Code on Corporate Governance Practices (the "new Code"). Listed issuers are expected to comply with the new Code's provisions starting from 1st January 2005.

The audit committee was established with written terms of reference which deal clearly with its authority and duties in pursuance of Appendix 14 of the Listing Rules. Amongst the audit committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems, including the review of the Group's audited financial statements for the year ended 31st March 2005.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules of the Stock Exchange in force prior to 31st March 2004, which remain 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, 30th June 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 the ***(South China Morning Post)***