

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

For the six months ended 30th September 2003

		(Unaudited)	
		Six months ended	
		30th September	
		2003	2002
			As restated
	Notes	HK\$'000	HK\$'000
Turnover	2	524,664	609,724
Cost of sales		<u>(380,329)</u>	<u>(451,292)</u>
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		<u>(1,701)</u>	<u>(5,536)</u>
Operating profit	3	26,780	26,693
Finance costs		(1,183)	(1,363)
Share of losses of associated companies		<u>(4,359)</u>	<u>(4,030)</u>
Profit before taxation		21,238	21,300
Taxation	4	<u>(6,704)</u>	<u>(2,711)</u>
Profit after taxation		14,534	18,589
Minority interests		7	786
Profit attributable to shareholders		<u>14,541</u>	<u>19,375</u>
Dividends	5	<u>(19,657)</u>	<u>(15,694)</u>
Basic earnings per share	6	<u>3.7 cents</u>	<u>4.9 cents</u>

CONSOLIDATED BALANCE SHEET

As at 30th September 2003

		(Unaudited)	
		30th September 2003	31st March 2003
		HK\$'000	As restated HK\$'000
	Notes		
Non-current assets			
Fixed assets		352,824	356,597
Interests in associated companies		18,656	18,022
Defined benefit plan's assets		14,286	14,286
Deferred tax assets		1,709	1,164
Current assets			
Inventories		47,752	53,816
Trading securities		1,704	1,527
Accounts receivable, deposits and prepayments	7	173,868	156,838
Tax recoverable		232	226
Bank balances and cash		180,761	179,821
		404,317	392,228
Current liabilities			
Accounts payable and accrued charges	8	132,788	112,328
Taxation payable		15,625	12,058
Short-term bank loans, secured		2,776	25,111
Bank overdrafts, secured		13,533	12,056
Current portion of long-term liabilities	9	3,996	3,807
		168,718	165,360
Net current assets		235,599	226,868
Total assets less current liabilities		623,074	616,937
Financed by:			
Share capital	10	39,249	39,234
Reserves		542,136	538,515
Shareholders' funds		581,385	577,749
Minority interests		1,599	1,605
Non-current liabilities			
Long-term liabilities	9	11,353	8,335
Deferred tax liabilities		28,737	29,248
		623,074	616,937

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2003

	(Unaudited)								
	Share capital HK\$'000	Share premium account HK\$'000	Property revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Difference arising on consolid- ation HK\$'000	Reserve arising on consolid- ation HK\$'000	Accumul- ated losses HK\$'000	Total HK\$'000
At 1st April 2003, as previously reported	39,234	589,765	145,096	356	305	(22,400)	3,582	(150,105)	605,833
Effect of adopting SSAP 12 (revised)	-	-	(25,799)	-	-	-	-	(2,285)	(28,084)
At 1st April 2003, as restated	39,234	589,765	119,297	356	305	(22,400)	3,582	(152,390)	577,749
Exercise of share options	15	214	-	-	-	-	-	-	229
Profit attributable to shareholders	-	-	-	-	-	-	-	14,541	14,541
Exchange adjustment	-	-	-	-	636	-	-	-	636
2002/2003 final dividend paid	-	-	-	-	-	-	-	(11,770)	(11,770)
At 30th September 2003	<u>39,249</u>	<u>589,979</u>	<u>119,297</u>	<u>356</u>	<u>941</u>	<u>(22,400)</u>	<u>3,582</u>	<u>(149,619)</u>	<u>581,385</u>
At 1st April 2002, as previously reported	39,234	589,765	145,096	356	(238)	(22,400)	1,878	(165,669)	588,022
Effect of adopting SSAP 12 (revised)	-	-	(23,699)	-	-	-	-	(4,070)	(27,769)
At 1st April 2002, as restated	39,234	589,765	121,397	356	(238)	(22,400)	1,878	(169,739)	560,253
Profit attributable to shareholders	-	-	-	-	-	-	-	19,375	19,375
Adjustment on goodwill	-	-	-	-	-	-	1,669	-	1,669
Exchange adjustment	-	-	-	-	(110)	-	-	-	(110)
2001/2002 final dividend paid	-	-	-	-	-	-	-	(7,847)	(7,847)
At 30th September 2002	<u>39,234</u>	<u>589,765</u>	<u>121,397</u>	<u>356</u>	<u>(348)</u>	<u>(22,400)</u>	<u>3,547</u>	<u>(158,211)</u>	<u>573,340</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2003

	(Unaudited)	
	Six months ended	
	30th September	
	2003	2002
	HK\$'000	HK\$'000
Net cash inflow from operating activities	45,008	49,411
Net cash outflow from investing activities	(12,780)	(10,760)
Net cash outflow from financing activities	(31,590)	(11,724)
	<hr/>	<hr/>
Increase in cash and cash equivalents	638	26,927
Cash and cash equivalents at the beginning of the period	167,765	119,607
Effect of foreign exchange rate changes	(1,175)	(259)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	<u>167,228</u>	<u>146,275</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	180,761	158,643
Bank overdrafts	(13,533)	(12,368)
	<hr/>	<hr/>
	<u>167,228</u>	<u>146,275</u>

NOTES TO THE ACCOUNTS

1 Basis of preparation and accounting policies

These unaudited interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants ("HKSA"), and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

These interim accounts should be read in conjunction with the annual financial statements for the year ended 31st March 2003.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31st March 2003 except that the Group has adopted the SSAP 12 (revised) "Income Taxes" issued by the HKSA which became effective for accounting periods commencing on or after 1st January 2003.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the SSAP 12 (revised) represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

1 Basis of preparation and accounting policies (Continued)

As detailed in the consolidated statement of changes in equity, accumulated losses at 1st April 2002 and 1st April 2003 have been increased by HK\$4,070,000 and HK\$2,285,000 respectively, and property revaluation reserve at 1st April 2002 and 1st April 2003 has been reduced by HK\$23,699,000 and HK\$25,799,000 respectively, which represent the unprovided net deferred tax liabilities. The change has resulted in an increase in deferred tax assets and an increase in deferred tax liabilities as at 31st March 2003 by HK\$596,000 and HK\$911,000 respectively. The profit attributable to shareholders for the six months ended 30th September 2002 was increased by HK\$1,007,000.

2 Segment information

Business segments

The Group is organised on a worldwide basis into three main business segments:

Publishing – publication of Chinese newspapers, periodicals and books

Travel and travel related services – provision of travel and travel related services

Internet businesses – advertising, provision of contents and travel related services through the Group's various portals

Segment information about these businesses is presented below:

	(Unaudited)							
	Six months ended 30th September							
	Publishing		Travel and travel related services		Internet businesses		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>

2 Segment information (Continued)

Geographical segments

The Group's three main business segments operate in four main geographical areas:

Hong Kong – publishing, travel and travel related services and internet businesses

Canada – publishing, travel and travel related services

The United States of America – publishing, travel and travel related services

The Mainland China – publishing

	(Unaudited) Turnover Six months ended 30th September		(Unaudited) Segment results Six months ended 30th September	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 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>

3 Operating profit

Operating profit is stated after charging the following:

	(Unaudited)	
	Six months ended	
	30th September	
	2003	2002
	HK\$'000	HK\$'000
Cost of inventories sold	66,906	69,261
Depreciation		
Owned fixed assets	15,085	16,993
Leased fixed assets	723	372
Staff costs (including directors' emoluments)	144,363	147,079

4 Taxation

	(Unaudited)			(Unaudited)		
	Six months ended			Six months ended		
	30th September 2003			30th September 2002		
	Current	Deferred	Total	Current	Deferred	Total
	taxation	taxation	Taxation	taxation	taxation	Taxation
	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
	7,760	(1,056)	6,704	3,718	(1,007)	2,711

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 profits 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	
	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	<u>7,887</u>	<u>7,847</u>
	<u>19,657</u>	<u>15,694</u>

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\$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 is 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.

7 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	31st
	September	March
	2003	2003
	HK\$'000	HK\$'000
0 to 60 days	95,879	80,994
61 to 120 days	36,841	38,869
121 to 180 days	10,216	10,811
Over 180 days	<u>2,901</u>	<u>2,218</u>
	<u>145,837</u>	<u>132,892</u>

The Group allows in general a credit period of up to 90 days to its trade customers.

8 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 2003 HK\$'000	(Audited) 31st March 2003 HK\$'000
0 to 60 days	60,866	42,736
61 to 120 days	5,174	1,416
121 to 180 days	661	568
Over 180 days	39	153
	<u>66,740</u>	<u>44,873</u>

9 Long-term liabilities

	(Unaudited) 30th September 2003 HK\$'000	(Audited) 31st March 2003 HK\$'000
Bank loans, secured		
Not wholly repayable within five years	4,858	4,685
Obligations under finance leases		
Wholly repayable within five years	10,491	7,457
	<u>15,349</u>	<u>12,142</u>
Current portion of long-term liabilities	(3,996)	(3,807)
	<u>11,353</u>	<u>8,335</u>

9 Long-term liabilities (Continued)

At 30th September 2003, the Group's bank loans (secured) and finance lease liabilities were repayable as follows:

	Bank loans (secured)		Finance lease liabilities (note)	
	(Unaudited) 30th September 2003 HK\$'000	(Audited) 31st March 2003 HK\$'000	(Unaudited) 30th September 2003 HK\$'000	(Audited) 31st March 2003 HK\$'000
Within one year	488	448	3,508	3,359
In the second year	488	448	2,762	1,647
In the third to fifth year	1,464	1,344	4,221	2,451
After the fifth year	2,418	2,445	—	—
	<u>4,858</u>	<u>4,685</u>	<u>10,491</u>	<u>7,457</u>

Note: At 30th September 2003, future finance charges on finance leases were HK\$1,091,000 (31st March 2003: HK\$706,000).

10 Share capital

	Authorised ordinary shares of HK\$0.10 each	
	No. of shares	HK\$'000
At 1st April 2003 and 30th September 2003	<u>500,000,000</u>	<u>50,000</u>
	Issued and fully paid ordinary shares of HK\$0.10 each	
	No. of shares	HK\$'000
At 1st April 2002 and 1st April 2003	392,345,000	39,234
Exercise of share options	144,000	15
At 30th September 2003	<u>392,489,000</u>	<u>39,249</u>

11 Comparative figures

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

MANAGEMENT COMMENTARY

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.

Newspapers (Continued)

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 a 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.

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 Artistes 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 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.

SHARE OPTION SCHEME

Pursuant to a share option scheme (“the Scheme”) approved at a special general meeting of the Company held on 21st August 2001, the directors of the Company may at their discretion invite full time employees including executive directors of the Company and its subsidiaries to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

During the period, movements of the share options granted under the Scheme were as follows:

Grantees	Number of shares involved in share options				Balance at 30th September 2003	Percentage of issued ordinary shares at 30th September 2003	Exercise price per share HK\$	Date of grant	Exercisable period
	Balance at 1st April 2003	Granted during the period	Exercised during the period	Lapsed during the period					
Directors:									
Tan Sri Datuk									
TIONG Hiew King	300,000	-	-	-	300,000	0.076%	1.592	31/08/2001	01/09/2001-20/08/2011
Tan Sri Datuk									
TIONG Hiew King	-	300,000	-	-	300,000	0.076%	1.800	15/09/2003	16/09/2003-20/08/2011
Mr TIONG Kiu King	300,000	-	-	-	300,000	0.076%	1.592	31/08/2001	01/09/2001-20/08/2011
Mr TIONG Kiu King	-	300,000	-	-	300,000	0.076%	1.800	15/09/2003	16/09/2003-20/08/2011
Dr TIONG Ik King	300,000	-	-	-	300,000	0.076%	1.592	31/08/2001	01/09/2001-20/08/2011
Dr TIONG Ik King	-	300,000	-	-	300,000	0.076%	1.800	15/09/2003	16/09/2003-20/08/2011
Mr TIONG Kiew Chiong	300,000	-	-	-	300,000	0.076%	1.592	31/08/2001	01/09/2001-20/08/2011
Mr TIONG Kiew Chiong	-	300,000	-	-	300,000	0.076%	1.800	15/09/2003	16/09/2003-20/08/2011
	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>2,400,000</u>	<u>0.608%</u>			
Full time employees	4,275,000	-	(144,000)	(529,000)	3,602,000	0.919%	1.592	31/08/2001	01/09/2001-20/08/2011
Full time employees	-	4,151,000	-	-	4,151,000	1.059%	1.320	29/08/2003	30/08/2003-20/08/2011
Total	<u>5,475,000</u>	<u>5,351,000</u>	<u>(144,000)</u>	<u>(529,000)</u>	<u>10,153,000</u>	<u>2.586%</u>			

SHARE OPTION SCHEME (Continued)

- (1) 4,151,000 share options and 1,200,000 share options were granted on 29th August 2003 and 15th September 2003 respectively. The closing prices of the shares of the Company immediately before the dates on which the above share options were granted were HK\$1.25 and HK\$1.80 respectively. The consideration paid by each grantee for the share options granted was HK\$1.00.
- (2) During the period, 144,000 shares of HK\$0.10 each were issued at HK\$1.592 per share as a result of the exercise of the Company's share options. The weighted average of the closing price of the Company's shares immediately before the date on which the above share options were exercised was HK\$1.80. During the period, 529,000 share options have lapsed by reason of the grantees ceased to be full time employees of the Company and its subsidiaries.
- (3) The directors are of the view that the value of the share options granted during the period depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the directors believe that any calculation of the value of the share options will not be meaningful and may be misleading to shareholders in the circumstances.

PARTICULARS OF INTERESTS HELD BY DIRECTORS, CHIEF EXECUTIVES AND THEIR ASSOCIATES

At 30th September 2003, the interests of the directors, chief executives and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the SFO are as follows:

Name of director	Number of ordinary shares held				Interests in underlying shares pursuant to share options (note 2)	Aggregate interests	Percentage of issued ordinary shares at 30th September 2003
	Personal interests	Family interests	Corporate interests (note 1)	Total interests in shares			
Tan Sri Datuk TIONG Hiew King	150,000	-	252,487,700	252,637,700	600,000	253,237,700	64.52%
Dr TIONG Ik King	-	-	252,487,700	252,487,700	600,000	253,087,700	64.48%
Mr TIONG Kiu King	611,000	147,000	-	758,000	600,000	1,358,000	0.35%
Mr TIONG Kiew Chiong	1,200,000	-	-	1,200,000	600,000	1,800,000	0.46%

PARTICULARS OF INTERESTS HELD BY DIRECTORS, CHIEF EXECUTIVES AND THEIR ASSOCIATES (Continued)

Notes:

- 1 The corporate interests of Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King in the Company are jointly held through Conch Company Limited ("Conch") which owns 252,487,700 shares of the Company. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King. In addition, Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King directly hold 25% and 22% of the interest in Conch respectively.
- 2 These represent interests of share options granted by the Company to the following directors under the Scheme to subscribe for shares of the Company. These share options are physically settled.

Save as disclosed above and those disclosed under "Share Option Scheme", at 30th September 2003, none of the directors, chief executives and their associates had any interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register required to be kept under Section 352 of the SFO.

Apart from the Scheme, at no time during the period was the Company or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 30th September 2003, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Name of shareholder	Number of ordinary shares held	Percentage of issued ordinary shares at 30th September 2003
Conch Company Limited (note 1)	252,487,700	64.33%
Dr Louis CHA (note 2)	40,463,400	10.31%
China Strategic Holdings Limited (note 3)	39,248,000	10.00%

All the interests stated above represent long positions in the shares of the Company.

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

- 1 Conch Company Limited ("Conch") owns 252,487,700 shares of the Company. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King. In addition, Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King directly hold 25% and 22% of the interest in Conch respectively.
- 2 Dr Louis CHA beneficially owns 38,798,400 shares of the Company and Snowdrop Limited, a company wholly owned by Dr Louis CHA, owns 1,665,000 shares of the Company.
- 3 Pawsley Limited and Wealthy Gain Limited own 37,898,000 shares and 1,350,000 shares of the Company respectively. Both companies are wholly owned subsidiaries of China Strategic Holdings Limited.

Save as disclosed above, the Company had not been notified of any other interests representing 5% or more of the issued share capital of the Company at 30th September 2003.

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.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors of the Company is aware of any information which would indicate that the Company is not, or was not, at any time during the six months ended 30th September 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited, except that independent non-executive directors were not appointed for a specific term as recommended therein. According to the Company's bye-laws 182(iv), directors, including independent non-executive directors, shall retire by rotation at the annual general meeting and, being eligible, offer themselves for re-election where their re-appointments are reviewed. In the opinion of the directors, this meets the same objective of the Code of Best Practice.

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.

By Order of the Board

TIONG Kiew Chiong

Director

Hong Kong, 5th December 2003