

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:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30th September 2004

		(Unaudited)	
		Six months ended	
		30th September	
		2004	2003
	Note	HK\$'000	HK\$'000
Turnover	2	633,157	491,426
Cost of sales		<u>(466,507)</u>	<u>(348,289)</u>
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)		<u>2,799</u>	<u>(1,701)</u>
Operating profit	3	33,850	26,780
Finance costs	4	(1,201)	(1,183)
Share of losses of associated companies		<u>(1,784)</u>	<u>(4,359)</u>
Profit before taxation		30,865	21,238
Taxation	5	(9,247)	(6,704)
Profit after taxation		21,618	14,534
Minority interests		<u>(1,078)</u>	<u>7</u>
Profit attributable to shareholders		<u>20,540</u>	<u>14,541</u>
Dividends	6	<u>(27,681)</u>	<u>(19,663)</u>
Basic earnings per share	7	<u>5.2 cents</u>	<u>3.7 cents</u>
Diluted earnings per share	7	<u>5.2 cents</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

As at 30th September 2004

	Note	(Unaudited) 30th September 2004 HK\$'000	(Audited) 31st March 2004 HK\$'000
Non-current assets			
Fixed assets		367,853	373,198
Goodwill		2,103	–
Interests in associated companies		24,676	21,669
Defined benefit plan's assets		14,679	14,377
Deferred tax assets		1,004	1,044
Current assets			
Inventories		56,600	52,967
Trading securities		1,762	1,799
Accounts receivable, deposits and prepayments	8	193,690	168,094
Tax recoverable		684	1,380
Bank balances and cash		179,257	188,389
		431,993	412,629
Current liabilities			
Accounts payable and accrued charges	9	136,383	125,998
Taxation payable		9,229	5,079
Short-term bank loans, secured		13,261	16,095
Bank overdrafts, secured		10,808	17,253
Current portion of long-term liabilities	10	5,531	4,206
		175,212	168,631
Net current assets		256,781	243,998
Total assets less current liabilities		<u>667,096</u>	<u>654,286</u>
Financed by:			
Share capital	11	39,535	39,735
Reserves		566,855	561,397
Shareholders' funds		606,390	601,132
Minority interests		6,110	1,664
Non-current liabilities			
Long-term liabilities	10	26,123	23,126
Deferred tax liabilities		28,473	28,364
		<u>667,096</u>	<u>654,286</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2004

	(Unaudited)								Total
	Share capital	Share premium	Property revaluation reserve	Capital redemption reserve	Exchange fluctuation reserve	Difference arising on consolidation	Reserve arising on consolidation	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2004	39,735	596,410	119,297	356	1,167	(22,400)	3,582	(137,015)	601,132
Disposal of partial interests in subsidiaries	-	-	-	-	-	-	1,973	-	1,973
Profit attributable to shareholders	-	-	-	-	-	-	-	20,540	20,540
Repurchase of shares	(200)	(2,664)	-	200	-	-	-	(200)	(2,864)
Exchange adjustment	-	-	-	-	1,432	-	-	-	1,432
2003/2004 final and special dividends paid	-	-	-	-	-	-	-	(15,823)	(15,823)
At 30th September 2004	<u>39,535</u>	<u>593,746</u>	<u>119,297</u>	<u>556</u>	<u>2,599</u>	<u>(22,400)</u>	<u>5,555</u>	<u>(132,498)</u>	<u>606,390</u>
At 1st April 2003	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>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2004

	(Unaudited)	
	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Net cash inflow from operating activities	22,507	45,008
Net cash outflow from investing activities	(698)	(12,780)
Net cash outflow from financing activities	(24,214)	(31,590)
	<u> </u>	<u> </u>
(Decrease)/increase in cash and cash equivalents	(2,405)	638
Cash and cash equivalents at the beginning of the period	171,136	167,765
Effect of foreign exchange rate changes	(282)	(1,175)
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the period	<u><u>168,449</u></u>	<u><u>167,228</u></u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	179,257	180,761
Bank overdrafts	(10,808)	(13,533)
	<u> </u>	<u> </u>
	<u><u>168,449</u></u>	<u><u>167,228</u></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 Institute of Certified Public Accountants and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These interim accounts should be read in conjunction with the annual financial statements for the year ended 31st March 2004.

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 2004.

2 Segment information

Business segments

Segment information is presented below:

	(Unaudited)					
	Six months ended 30th September					
	Publishing (notes (a) to (c))		Travel and travel related services (notes (b) and (c))		Group (note (c))	
	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover						
External sales	381,947	336,161	251,210	155,265	633,157	491,426
Inter segment sales	-	-	566	141	566	141
	<u>381,947</u>	<u>336,161</u>	<u>251,776</u>	<u>155,406</u>	<u>633,723</u>	<u>491,567</u>
Elimination	-	-	(566)	(141)	(566)	(141)
	<u>381,947</u>	<u>336,161</u>	<u>251,210</u>	<u>155,265</u>	<u>633,157</u>	<u>491,426</u>
Segment results	<u>27,814</u>	<u>27,188</u>	<u>5,675</u>	<u>(202)</u>	33,489	26,986
Interest income					1,576	1,511
Unallocated expenses					(1,215)	(1,717)
Operating profit					<u>33,850</u>	<u>26,780</u>

2 Segment information (Continued)

Geographical segments

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

	(Unaudited) Turnover Six months ended 30th September		(Unaudited) Segment results 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>	33,489	26,986
Interest income			1,576	1,511
Unallocated expenses			(1,215)	(1,717)
Operating profit			<u>33,850</u>	<u>26,780</u>

Notes:

- Publishing turnover comprises sale of newspapers, periodicals and books, advertising income and income derived from the Group's various portals.
- 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.
- Certain comparative figures have been restated to conform with the current period's presentation.

3 Operating profit

Operating profit is stated after charging the following:

	(Unaudited)	
	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Cost of inventories sold	86,173	66,906
Depreciation		
– owned fixed assets	15,761	15,085
– leased fixed assets	711	723
Staff costs (including directors' emoluments)	163,881	144,363
Gain on disposal of partial interests in subsidiaries	2,897	–
	<u>2,897</u>	<u>–</u>

4 Finance costs

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

5 Taxation

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

	(Unaudited)	
	Six months ended	
	30th September	
	2004	2003
	HK\$'000	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.

6 Dividends

	(Unaudited)	
	Six months ended	
	30th September	
	2004	2003
	HK\$'000	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.

7 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.

8 Accounts receivable, deposits and prepayments

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

	(Unaudited) 30th September 2004 HK\$'000	(Audited) 31st March 2004 HK\$'000
0 to 60 days	105,306	91,910
61 to 120 days	39,467	36,006
121 to 180 days	13,548	12,876
Over 180 days	3,218	5,817
	<u>161,539</u>	<u>146,609</u>

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

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 2004 HK\$'000	(Audited) 31st March 2004 HK\$'000
0 to 60 days	60,911	50,658
61 to 120 days	5,616	2,614
121 to 180 days	724	268
Over 180 days	316	3,574
	<u>67,567</u>	<u>57,114</u>

10 Long-term liabilities

	(Unaudited) 30th September 2004 HK\$'000	(Audited) 31st March 2004 HK\$'000
Bank loans, secured		
Not wholly repayable within five years	11,410	12,027
Obligations under finance leases		
Wholly repayable within five years	13,342	8,403
Provision for long service payments	6,902	6,902
	<u>31,654</u>	<u>27,332</u>
Current portion of long-term liabilities	(5,531)	(4,206)
	<u>26,123</u>	<u>23,126</u>

10 Long-term liabilities (Continued)

At 30th September 2004, the Group's bank loans (secured) and finance lease liabilities were repayable as follows:

	Bank loans (secured)		Finance lease liabilities (note)	
	(Unaudited) 30th September 2004 HK\$'000	(Audited) 31st March 2004 HK\$'000	(Unaudited) 30th September 2004 HK\$'000	(Audited) 31st March 2004 HK\$'000
Within the first year	1,780	1,725	3,751	2,481
In the second year	1,840	1,783	3,773	2,726
In the third to fifth year	5,671	6,257	5,818	3,196
After the fifth year	2,119	2,262	–	–
	<u>11,410</u>	<u>12,027</u>	<u>13,342</u>	<u>8,403</u>

Note: At 30th September 2004, future finance charges on finance leases are HK\$1,337,000 (31st March 2004: HK\$942,000).

11 Share capital

	Authorised ordinary shares of HK\$0.10 each	
	No. of shares	HK\$'000
At 1st April 2004 and 30th September 2004	<u>500,000,000</u>	<u>50,000</u>

	Issued and fully paid ordinary shares of HK\$0.10 each			
	2004		2003	
	No. of shares	HK\$'000	No. of shares	HK\$'000
At 1st April	397,355,000	39,735	392,345,000	39,234
Exercise of share options	–	–	144,000	15
Repurchase and cancellation	(2,005,000)	(200)	–	–
At 30th September	<u>395,350,000</u>	<u>39,535</u>	<u>392,489,000</u>	<u>39,249</u>

MANAGEMENT COMMENTARY

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 newsprint 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.

Publishing - Newspapers (*Continued*)

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 magazines 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 included 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.

Publishing - Magazines (lifestyle and popular culture) *(Continued)*

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 a 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 victims suffering 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 newsprint prices will exert pressure on the Group's profit margin. The management as always will apply a prudent newsprint 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 to 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 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.

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.

SHARE OPTION SCHEME (Continued)

During the period, no share options were granted, exercised, lapsed or cancelled. Details of the outstanding share options as at 30th September 2004 under the Scheme are as follows:

Grantees	Number of outstanding share options at 1st April 2004 and 30th September 2004	Percentage of issued ordinary shares at 30th September 2004	Exercise price per share HK\$	Date of grant	Exercisable period
Directors:					
Tan Sri Datuk TIONG Hiew King	300,000	0.076%	1.592	31/08/2001	01/09/2001-20/08/2011
Tan Sri Datuk TIONG Hiew King	300,000	0.076%	1.800	15/09/2003	16/09/2003-20/08/2011
Mr TIONG Kiu King	300,000	0.076%	1.592	31/08/2001	01/09/2001-20/08/2011
Mr TIONG Kiu King	300,000	0.076%	1.800	15/09/2003	16/09/2003-20/08/2011
Dr TIONG Ik King	300,000	0.076%	1.592	31/08/2001	01/09/2001-20/08/2011
Dr TIONG Ik King	300,000	0.076%	1.800	15/09/2003	16/09/2003-20/08/2011
Mr TIONG Kiew Chiong	300,000	0.076%	1.592	31/08/2001	01/09/2001-20/08/2011
Mr TIONG Kiew Chiong	300,000	0.076%	1.800	15/09/2003	16/09/2003-20/08/2011
	<u>2,400,000</u>	<u>0.608%</u>			
Full time employees	1,787,000	0.452%	1.592	31/08/2001	01/09/2001-20/08/2011
Full time employees	1,100,000	0.278%	1.320	29/08/2003	30/08/2003-20/08/2011
	<u>5,287,000</u>	<u>1.338%</u>			

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

At 30th September 2004, 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 (as defined in Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) are as follows:

Name of director	Number of shares/underlying shares held				Interest in underlying shares pursuant to share options (note 2)	Aggregate interests	Percentage of issued ordinary shares at 30th September 2004
	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	64.05%
Dr TIONG Ik King	-	-	252,487,700	252,487,700	600,000	253,087,700	64.02%
Mr TIONG Kiu King	611,000	147,000	-	758,000	600,000	1,358,000	0.34%
Mr TIONG Kiew Chiong	1,200,000	-	-	1,200,000	600,000	1,800,000	0.46%

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 holds 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 share options granted by the Company to the directors under the Scheme to subscribe for shares of the Company.

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

Save as disclosed above and those disclosed under "Share Option Scheme", at 30th September 2004, 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 (as defined in Part XV of the SFO) which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Apart from the Share Option Scheme, at no time during the period were rights to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company granted to any directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or 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 such rights in 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 2004, 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 2004
Conch Company Limited (note 1)	252,487,700	63.86%
Dr Louis CHA (note 2)	40,463,400	10.23%

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

Notes:

- 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.

SUBSTANTIAL SHAREHOLDERS (Continued)

- 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.

Save as disclosed above and those disclosed under "Particulars of Interests held by Directors, Chief Executives and Their Associates", 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 2004.

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 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
		Highest HK\$	Lowest HK\$	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
	<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 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 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 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 proposed 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.

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 2004, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange, except that independent non-executive directors were not appointed for a specific term as recommended therein. According to the Company's bye-law 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 2004.

By Order of the Board
TIONG Kiew Chiong
Director

Hong Kong, 24th November 2004