



MING PAO ENTERPRISE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 685)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2004

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 2004 are as follows:

	Notes	2004 HK\$'000	As restated 2003 HK\$'000
Turnover	1	1,001,788	1,013,323
Cost of sales		(691,821)	(705,172)
Gross profit		309,967	308,151
Other revenues		3,269	4,839
Selling and distribution expenses		(133,051)	(138,522)
Administrative expenses		(114,254)	(112,423)
Other operating expenses		(707)	(8,095)
Operating profit	2	65,224	53,950
Finance costs	3	(2,349)	(2,286)
Share of losses of associated companies		(5,380)	(7,622)
Profit before taxation		57,495	44,042
Taxation	4	(15,573)	(11,062)
Profit after taxation		41,922	32,980
Minority interests		(58)	227
Profit attributable to shareholders		41,864	33,207
Dividends	5	(23,787)	(19,617)
Basic earnings per share	6	11 cents	8 cents
Diluted earnings per share	6	11 cents	N/A

Notes:

1 Segment information

The Group is principally engaged in the publication of Chinese newspapers, periodicals and books and provision of travel and travel related services. The Group's turnover and results for the year, analysed by business segment and geographical segment, are as follows:

	Turnover		Segment results	
	2004 HK\$'000	As restated 2003 HK\$'000	2004 HK\$'000	As restated 2003 HK\$'000
Business segments:				
Publishing	695,705	685,962	66,373	57,400
Travel and travel related services (note (a))	293,259	306,003	(1,106)	(1,816)
Internet businesses (note (b))	12,824	21,358	2,128	(858)
	<u>1,001,788</u>	<u>1,013,323</u>	<u>67,395</u>	<u>54,726</u>
Interest income			2,483	3,171
Unallocated expenses			(4,654)	(3,947)
Operating profit			65,224	53,950
Finance costs			(2,349)	(2,286)
Share of losses of associated companies			(5,380)	(7,622)
Profit before taxation			<u>57,495</u>	<u>44,042</u>

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	Turnover		Segment results	
	2004 HK\$'000	As restated 2003 HK\$'000	2004 HK\$'000	As restated 2003 HK\$'000
Geographical segments:				
Hong Kong	653,927	697,442	74,178	61,396
Canada	191,891	164,187	8,233	8,450
The United States of America	138,370	138,891	(12,558)	(10,530)
The Mainland China	17,600	12,803	(2,458)	(4,590)
	<u>1,001,788</u>	<u>1,013,323</u>	<u>67,395</u>	<u>54,726</u>
Interest income			2,483	3,171
Unallocated expenses			(4,654)	(3,947)
Operating profit			<u>65,224</u>	<u>53,950</u>
Finance costs			(2,349)	(2,286)
Share of losses of associated companies			(5,380)	(7,622)
Profit before taxation			<u>57,495</u>	<u>44,042</u>

Notes:

- (a) Certain comparative figures have been restated to conform with current year's presentation.
 (b) Internet businesses comprise advertising, provision of contents and travel related services through the Group's various portals.

2 **Operating profit**

Operating profit is stated after charging depreciation amounted to HK\$31,427,000 (2003: HK\$34,180,000) and cost of inventories sold of HK\$142,363,000 (2003: HK\$140,394,000).

3 **Finance costs**

	2004 HK\$'000	2003 HK\$'000
Interest expenses on bank loans and overdrafts	1,874	1,978
Interest element of finance leases	475	308
	<u>2,349</u>	<u>2,286</u>

4 **Taxation**

The amount of taxation charge in the consolidated profit and loss account represents:

	2004 HK\$'000	As restated 2003 HK\$'000
Hong Kong profits tax		
– current year	13,304	10,449
– under/(over) provision in prior years	285	(466)
Overseas taxation		
– current year	3,112	2,864
– over provision in prior years	(364)	–
Deferred taxation	(764)	(1,785)
	<u>15,573</u>	<u>11,062</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profits for the year. In 2003, the government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

5 **Dividends**

	2004 HK\$'000	2003 HK\$'000
Interim, paid, of HK2 cents (2003: HK2 cents) per ordinary share	7,893	7,847
Final, proposed, of HK3 cents (2003: HK3 cents) per ordinary share	11,921	11,770
Special, proposed, of HK1 cent (2003: Nil) per ordinary share	3,973	–
	<u>23,787</u>	<u>19,617</u>

The board of directors has resolved to recommend a final dividend of HK3 cents (2003: HK3 cents) per ordinary share and a special dividend of HK1 cent (2003: Nil) per ordinary share for the year ended 31st March 2004. Upon approval by the shareholders, the final dividend and special dividend will be paid on 15th September 2004 to shareholders whose names appear on the register of members of the Company on 8th September 2004.

6 **Earnings per share**

The calculation of basic and diluted earnings per share is based on the profit attributable to shareholders for the year of HK\$41,864,000 (2003: HK\$33,207,000, as restated).

The basic earnings per share is based on the weighted average number of 393,616,421 (2003: 392,345,000) ordinary shares in issue during the year. The diluted earnings per share is based on 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 464,060 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 year ended 31st March 2003 is presented as the exercise of the outstanding share options of the Company would have an anti-dilutive effect.

7 **Comparative figures**

Due to the adoption of the Statements of Standard Accounting Practice ("SSAP") 12 "Income taxes" and SSAP 34 (revised) "Employee benefits" issued by the Hong Kong Society of Accountants during the year, certain comparative figures have been restated.

RESULTS SUMMARY

The Group's audited consolidated turnover for the year ended 31st March 2004 was HK\$1,001,788,000 which was slightly lower than that of last year. Profit attributable to shareholders amounted to HK\$41,864,000, representing an increase of 26% over that of the previous year. The earnings per share was HK11 cents (2003: HK8 cents).

BUSINESS REVIEW**Newspapers**

This financial year was a mixture of crisis and opportunity. The outbreak of Severe Acute Respiratory Syndrome ("SARS") lasted for almost five months, causing a slowdown in economic activities which in turn created a negative impact on Ming Pao Daily News' advertising revenue. Nevertheless, the Daily made a successful turnaround by fully capitalizing on the business opportunity which emerged upon the containment of the epidemic and economic improvement shown since the second quarter. The Daily's total advertising revenue for the financial year was only slightly lower than that of last year.

Throughout the year the Daily has increased focus on expanding distribution within the school network. Its extensive circulation network at schools and enriched editorial content in education have brought about good responses from advertisers, who regard the Daily as their first choice of promotional medium.

In the beginning of 2004, the Group invested nearly HK\$6 million to upgrade the existing printing presses in Hong Kong, which helped to improve the Daily's overall printing quality as well as the operating efficiency.

The North America economy has gradually recovered since the second half year of 2003. Ming Pao Daily News' overseas editions have successfully adopted aggressive and pro-active strategies to sell advertisements. The Vancouver Edition reported a record high advertising revenue since its launch 10 years ago. The Toronto Edition also performed well in advertising sales as a consequence of more colored pages and better printing quality from the upgraded printing facility. The New York Edition has maintained a stable performance compared with that of last year.

Magazines and books

Ming Pao Weekly recorded a year-on-year drop in advertising revenue in the first half year caused by the outbreak of SARS which affected all media sectors. In order to maintain competitive edge and grow market share, Ming Pao Weekly improved its advertising business through customized publications which included the preparation of advertorial articles, supplements and other customized publications that met the advertisers' marketing needs. These measures, along with the gradual recovery in the business environment, contributed to the rapid rebound in the Weekly's advertising revenue in the second half year.

In July 2003 Ming Pao Weekly launched a new split book "mw beauté" featuring articles on lifestyle, cosmetics, beauty and health care. Responses from readers and advertisers are positive and the booklet helps to expand the Weekly's readership as well as revenue base.

Benefiting from Hong Kong's economic recovery and the influx of individual travellers from Mainland China, Ming Pao Monthly has recorded a 50% increase in its advertising revenue during the year.

HI-TECH WEEKLY has undergone a significant makeover in November 2003. It was transformed into a handy-sized and perfect-bound coated paper magazine with a more visual design and enhanced content for its readers. The retail price was adjusted from HK\$8 to HK\$12 at the same time. Its youthful content and presentation has won great support from both readers and advertisers. Along with a major promotional campaign, the magazine's circulation and advertising revenues have increased by nearly 16% when compared with those of last year.

Yazhou Zhoukan's business was affected by SARS in the first half year. However, as the economic climate began to improve, its advertising revenue recorded a significant improvement in the second half of the year. With continued efforts to control costs and streamline operations, Yazhou Zhoukan reported a significant improvement in the company's operating results for the year.

Ming Pao Publications achieved a better result this year in spite of the prevailing difficult market conditions. This is attributable to a series of aggressive promotions and the publishing of high quality books that are appealing to the readers. Its annual turnover recorded a double-digit growth when compared with the previous year.

Travel

In early 2003, the tourism industry suffered severe setbacks inflicted by the outbreaks of SARS in many countries around the world. During this difficult period, Charming Holidays took drastic measures to control costs, thereby minimizing the operating loss. Since many people delayed their travelling plans until the end of the year, Charming Holidays recorded a robust rebound in revenues in the last quarter of the financial year and revenues for the whole year fell by about 10% only. Charming Holidays' subsidiaries in the United States and Canada managed to record a 3% increase in annual turnover for the year through persistent sales efforts.

Internet

During the year, Mingpao.com continued to provide its members and subscribers with quality editorial content and value-added e-services. The aggressive measures that it has adopted to reduce expenditure have proved effective and resulted in a small profit for the year.

BUSINESS DEVELOPMENT

As one of the leading media organizations in the Chinese language publishing world, the Group is committed to serving the Chinese communities and to promoting Chinese culture around the world. In April 2004, we launched the West United States edition in San Francisco which has received a spectacular response from readers and advertisers. Together with the other three overseas editions based in Vancouver, Toronto and New York, the Group provides quality Chinese newspaper to Chinese readers in North America, keeping them informed of the most updated developments in Mainland China and Hong Kong.

In April 2004, the Group announced the strategic alliance with Redgate Media Inc. ("Redgate") resulting in the acquisition of 60% interest of Redgate's subsidiary, Media2U, which is an up-rising media group dedicated to the magazine advertisement business in Mainland China. Media2U manages the Chinese versions of popular western titles such as "Popular Science", "Top Gear", "Digital Camera" and "T3 - Tomorrow Technology Today". We believe that this strategic alliance will create huge business synergies with our lifestyle magazines, namely Ming Pao Weekly, City Children's Weekly and HI-TECH WEEKLY, and help the Group to explore the fast-growing advertisement market in Mainland China.

OUTLOOK

Looking ahead, the rapid growth of the Chinese economy, coupled with an open door policy guaranteed by WTO entry agreements, has generated huge opportunities for Hong Kong and overseas investors. With a sound financial position, the Group will continue to look to expand the existing businesses while at the same time exploring new investment opportunities with emphasis in Mainland China.

Despite the fact that the market has started to pick up, we believe that the Group continues to face the challenges of uncertain economic climate ahead. High crude oil prices will hamper economic growth in Asia. Escalating newsprint prices may also affect the performance of many publishing companies. The management will closely monitor the purchases and consumption of newsprint in the coming year. Simultaneously, the management is committed to continuing its effort in improving the operational and financial efficiency in all business units within the Group.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

As the majority of the revenues, 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 31st March 2004, the Group's net current assets amounted to HK\$243,998,000 (31st March 2003: HK\$226,868,000) and the shareholders' funds were HK\$601,132,000 (31st March 2003: HK\$570,923,000, as restated). Total bank borrowings and finance lease obligations were HK\$53,778,000 (31st March 2003: HK\$49,309,000) and the gearing ratio, which is defined as the ratio of total bank borrowings to shareholders' funds, was 0.0895 (31st March 2003: 0.0864).

The Group's cash flow continued to grow steadily, as at 31st March 2004, total cash balance was HK\$188,389,000 (31st March 2003: HK\$179,821,000), representing 4.76% increase compared to that of last year and net cash position was HK\$134,611,000 (31st March 2003: HK\$130,512,000) after deducting the total bank borrowings.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CONTINGENT LIABILITIES

As at 31st March 2004, the Company had contingent liabilities in respect of guarantees issued in favour of certain of its subsidiaries totalling HK\$154,651,000 (2003: HK\$127,015,000) in connection with general banking facilities granted to those subsidiaries. As at 31st March 2004, total facilities utilised amounted to HK\$35,994,000 (2003: HK\$37,253,000).

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from Thursday, 2nd September 2004, to Wednesday, 8th September 2004, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend of HK3 cents per ordinary share and the special dividend of HK1 cent 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, 1st September 2004.

EMPLOYEES

As at 31st March 2004, the Group has approximately 1,400 employees, the majority of whom are employed in Hong Kong. The Group remunerates its employees based on industry practice and performance of individual employees. The Group also adopts a share option scheme for its staff of senior grade.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 (in force prior to 31st March 2004) of the Listing Rules of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") will be published on the Stock Exchange's website in due course.

By Order of the Board
TIONG Kiew Chiong
Director

Hong Kong, 19th July 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 and Mr. David YU Hon To are independent non-executive directors of the Company.

Please also refer to the published version of this announcement in The Standard dated 20 July 2004.