

SHANGHAI MING YUAN HOLDINGS LIMITED
(Incorporated in Bermuda with Limited Liability)



SHANGHAI MING YUAN

Interim Report 2003

INTERIM RESULTS

The Board of Directors of Shanghai Ming Yuan Holdings Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2003, together with the comparative figures, are as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30th June, 2003

	Notes	Unaudited Six months ended	
		30th June 2003 HK\$'000	30th June 2002 HK\$'000
Turnover	3	2,797	538,825
Cost of sales		(1,287)	(332,588)
Gross Profit		1,510	206,237
Other operating income	4	2,092	2,180
Restructuring and relaunch costs		-	(3,935)
Selling and distribution expenses		-	(77,383)
Administrative expenses		(3,606)	(130,546)
Other operating expenses		-	(5,133)
Profit on disposal of subsidiaries		-	146,889
(Loss) profit from operations	5	(4)	138,309
Finance costs	6	(111)	(941)
Provision for amount due from jointly controlled entities		-	(5,378)
Share of profits and losses of:			
Jointly controlled entities		-	3,779
Associates		-	(632)
(Loss) profit before taxation		(115)	135,137
Taxation	7	(163)	(12,722)
Net (loss) profit for the period		(278)	122,415
Dividend		-	-
(Loss) earning per share (cents)	8		
Basic		(0.01)	5.83
Diluted		(0.01)	5.78

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2003

		Unaudited	Audited
	Notes	At 30th June, 2003 HK\$'000	At 31st December, 2002 HK\$'000
NON-CURRENT ASSETS			
Investment properties		110,550	33,195
Property, plant and equipment		1,074	1,362
Deposit paid for acquisition of subsidiaries		-	9,000
Investment in associate		2,000	2,000
		<u>113,624</u>	<u>45,557</u>
CURRENT ASSETS			
Prepayments and deposits		15,334	1,032
Other receivables		24,069	11,172
Amount due from a director		-	30
Investments in securities		-	5,408
Bank balances and cash		16,253	41,566
		<u>55,656</u>	<u>58,176</u>
CURRENT LIABILITIES			
Other payables and accruals		1,385	772
Rental deposit received		1,264	-
Margin loan payable		-	308
Amount due to related companies		-	334
Interest-bearing bank loans	9	1,150	-
Taxation payable		182	-
		<u>3,981</u>	<u>1,414</u>
NET CUURENT ASSETS		<u>51,675</u>	<u>56,762</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	9	10,063	-
NET ASSETS		<u>155,236</u>	<u>102,319</u>
CAPITAL AND RESERVES			
Share capital	10	118,155	104,905
Reserves	11	37,081	(2,586)
		<u>155,236</u>	<u>102,319</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30th June, 2003*

	Unaudited	
	Six months ended	
	30th June 2003 HK\$'000	30th June 2002 HK\$'000
Balance at beginning of period	102,319	755,015
Deficit on revaluation of investments in securities	-	(1,225)
Issue of shares in consideration for acquisition of subsidiaries	13,250	-
Premium on issue of shares	39,750	-
Revaluation reserve released upon disposal of investment properties	(67)	-
Exchange differences on translation of the financial statements of foreign subsidiaries	262	(3,981)
Net (loss) profit for the period	(278)	122,415
Balance at end of period	155,236	872,224

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	Six months ended	
	30th June 2003 HK\$'000	30th June 2002 HK\$'000
Net cash (used in) generated from operating activities	(25,180)	11,901
Net cash (used in) generated from investing activities	(11,346)	342,528
Net cash generated from (used in) financing activities	<u>11,213</u>	<u>(16,708)</u>
Net (decrease) increase in cash and cash equivalents	(25,313)	337,721
Cash and cash equivalent at the beginning of period	41,566	128,273
Effect of foreign exchange rate changes	<u>-</u>	<u>3,045</u>
Cash and cash equivalents at end of period	<u>16,253</u>	<u>469,039</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	16,253	470,490
Bank overdraft	<u>-</u>	<u>(1,451)</u>
	<u>16,253</u>	<u>469,039</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" and Appendix 16 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the unaudited consolidated financial statements are consistent with those used in the Group's annual audited financial statements for the year ended 31st December, 2002 except that the Group has changed its accounting policy for deferred taxation following its adoption of the SSAP 12 (revised) "Income Taxes" ("SSAP 12 (revised)") which became effective from 1st January, 2003. In previous years, partial provision was made for deferred taxation using the income statement liability method, i.e., a liability was recognized in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (revised) requires the adoption of a balance sheet liability method, whereby deferred taxation is recognized in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. The adoption of SSAP 12 (revised) has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

3. SEGMENTAL INFORMATION

Business segments

The following table presents revenue and profit (loss) for the Group's business segments:

	Discontinued operations				Continuing operations				Consolidated		
	Publishing operations		Commercial printing		Corporate and others		Property investment		Eliminations		
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited		
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		
30th June	30th June	30th June	30th June	30th June	30th June	30th June	30th June	30th June	30th June	30th June	
2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE											
External sales	-	407,965	-	101,177	-	29,683	2,797	-	-	2,797	538,825
Inter-segment sales	-	5,048	-	2,422	-	3,158	-	-	(10,628)	-	-
Total	-	413,013	-	103,599	-	32,841	2,797	-	-	2,797	538,825
RESULTS											
Segment results	-	1,627	-	5,356	(2,333)	(13,808)	248	-	-	(2,085)	(6,825)
Interest and dividend income										2,081	2,180
Restructuring and relaunch costs										-	(3,935)
Profit on disposal of subsidiaries										-	146,889
(Loss) profit from operations										(4)	138,309
Finance costs										(111)	(941)
Provision for amount due from jointly controlled entities										-	(5,378)
Share of profit (loss) of jointly controlled entities											3,779
associates	-	3,779	-	-	-	-	-	-	-	-	(632)
(Loss) profit before taxation										(115)	135,137
Taxation										(163)	(12,722)
Net (loss) profit										(278)	122,415

Geographical segments

The following table presents turnover for the Group's Geographical segment:

	Unaudited Six months ended	
	30th June 2003 HK\$'000	30th June 2002 HK\$'000
Hong Kong	153	300,258
The People's Republic of China	1,960	-
North America	684	181,359
Australia & New Zealand	-	17,699
Europe	-	39,509
	<u>2,797</u>	<u>538,825</u>

4. OTHER OPERATING INCOME

	Unaudited Six months ended	
	30th June 2003 HK\$'000	30th June 2002 HK\$'000
Interest income	2,081	2,135
Realized gain on investment in securities	11	-
Dividend income	-	45
	<u>2,092</u>	<u>2,180</u>

5. (LOSS) PROFIT FROM OPERATIONS

	Unaudited Six months ended	
	30th June 2003 HK\$'000	30th June 2002 HK\$'000
(Loss) profit from operations has been arrived at after charging:		
Depreciation	413	18,167
Amortisation of goodwill	-	875
Auditors' remuneration	200	-
Staff costs		
- directors' remuneration	-	-
- other staff costs	981	215,190
- retirement benefits scheme contributions, excluding directors	30	-
	<hr/>	<hr/>
Total staff costs	1,011	215,190
	<hr/>	<hr/>
and after crediting:		
Gain on disposal of property, plant and equipment	-	2,322
	<hr/>	<hr/>

6. FINANCE COSTS

	Unaudited Six months ended	
	30th June 2003 HK\$'000	30th June 2002 HK\$'000
Interest on bank borrowings	109	941
Interest on margin loan payable	2	-
	<hr/>	<hr/>
	111	941
	<hr/>	<hr/>

7. TAXATION

Hong Kong Profits tax is calculated at 16% of the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

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

	Unaudited Six months ended	
	30th June 2003 HK\$'000	30th June 2002 HK\$'000
Hong Kong profits tax	29	519
Hong Kong deferred taxation	-	(10)
Overseas taxation	<u>134</u>	<u>9,147</u>
	163	9,656
Share of taxation attributable to jointly controlled entities	<u>-</u>	<u>3,066</u>
	<u>163</u>	<u>12,722</u>

8. (LOSS) EARNINGS PER SHARE

(a) Basic (loss) earnings per share

The calculation of basic loss per share is based on the Group's net loss for the period of HK\$278,000 and 2,185,333,799 shares, the weighted average number of shares, in issued during the period.

The calculation of the basic earnings per share for the six months ended 30th June, 2002 is based on the Group's net profit of HK\$122,415,000 and 2,098,096,230 shares (adjusted to reflect share subdivision made by the Company on 2nd April, 2003).

(b) Diluted (loss) earnings per share

The calculation of diluted loss per share is based on the Group's net loss for the period of HK\$278,000 and 2,185,333,799 shares, the weighted average number of shares, in issued during the period.

The calculation of diluted earnings per share for the six months ended 30th June, 2002 is based on the Group's net profit of HK\$122,415,000 and 2,118,687,905 shares (adjusted to reflect share subdivision made by the Company on 2nd April, 2003) which was the number of shares in issue during the period plus the weighted average of 20,591,675 shares (adjusted to reflect share subdivision made by the Company on 2nd April, 2003) deemed to be issued at no consideration if all outstanding options had been exercised.

9. INTEREST-BEARING BANK LOANS

	Unaudited	Audited
	At 30th June, 2003	At 31st December, 2002
	HK\$'000	HK\$'000
Secured bank loans repayable:		
– repayable within one year or on demand	1,150	–
– after one but within two years	1,150	–
– after two but within five years	3,450	–
– over five years	5,463	–
	<hr/>	<hr/>
	11,213	–
Less: Amount due within one year included under Current liabilities	1,150	–
	<hr/>	<hr/>
Amount due after one year	10,063	–
	<hr/>	<hr/>

10. SHARE CAPITAL

		Unaudited	Audited
	<i>Notes</i>	At 30th June, 2003 HK\$'000	At 31st December, 2002 HK\$'000
Authorised: 3,000,000,000 ordinary shares of HK\$0.05 each	<i>(i)</i>	<u>150,000</u>	<u>150,000</u>
		No. of Shares	Nominal Value HK\$'000
Issued and fully paid: Shares of HK\$0.05 each At 1st January, 2003	<i>(ii)</i>	2,098,096,230	104,905
Issued of shares in consideration for acquisition of subsidiaries		<u>265,000,000</u>	<u>13,250</u>
At 30th June, 2003		<u>2,363,096,230</u>	<u>118,155</u>

Notes:

- (i) Each of the issued and unissued share of HK\$0.25 each was subdivided into five shares of HK\$0.05 each on 2nd April, 2003.
- (ii) The number of shares as at 1st January, 2003 was adjusted to reflect share subdivision made by the Company on 2nd April, 2003.

11. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Investment properties revaluation reserve HK\$'000	Retained profits (accumulated losses) HK\$'000	Total HK\$'000
Group					
At 1st January, 2003 (Audited)	-	12,804	1,969	(17,359)	(2,586)
Premium on issue of shares	39,750	-	-	-	39,750
Released upon disposal of investment properties	-	-	(67)	-	(67)
Exchange realignment	-	-	-	262	262
Net loss for the period	-	-	-	(278)	(278)
	<u>39,750</u>	<u>12,804</u>	<u>1,902</u>	<u>(17,375)</u>	<u>37,081</u>
At 30th June, 2003 (Unaudited)					

12. COMMITMENTS

At the balance date, the Group had following capital commitments:

	Unaudited At 30th June, 2003 HK\$'000	Audited At 31st December, 2002 HK\$'000
Contracted for but not provided in the financial statements in respect of acquisition of subsidiaries	<u>45,000</u>	<u>69,000</u>

13. PLEDGE OF ASSETS

As at 30th June, 2003, properties in Hong Kong with carrying value of HK\$15,100,000 (31st December, 2002: Nil) were pledged in favour of the bank to secure general banking facilities granted to the Group.

The Group did not have any investments in securities pledged as at 30th June, 2003 (31st December, 2002: HK\$5,408,000) to secure general credit facilities granted to the Group.

14. RELATED PARTY TRANSACTIONS

The Group did not have any transactions with related parties during the six months ended 30th June, 2003.

The Group had following transactions with related parties, which were carried out in the normal course of the Groups' business during the six months ended 30th June, 2002:

	Unaudited Six months ended 30th June, 2002 HK\$000
News services fee income received from a jointly controlled entity	4,000
Printing services charges paid and payable to a jointly controlled entity	<u>25,117</u>

15. COMPARATIVE FIGURES

Certain comparative figures in the Condensed Consolidated Balance Sheet have been reclassified to confirm to current period's presentation.

16. APPROVAL AND REVIEW OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors of the Company. These interim financial statements were unaudited, but have been reviewed by the Audit Committee.

DISCUSSION AND ANALYSIS FOR THE GROUP'S PERFORMANCE

The consolidated turnover of the Group amounted to HK\$2.8 million (2002: HK\$538.8 million). The net loss for the period was HK\$278,000 (2002: profit of HK\$122.4 million). Loss per share was HK\$ 0.01 cents (2002: earning per share of HK\$5.83 cents).

The decline in turnover was mainly attributable to the disposal of the Group's commercial printing operations on 19th April, 2002 and publishing operations on 21st August, 2002. Subsequent to the disposal of the Group's commercial printing operations and publishing operations, the Group has been principally engaged in property investments in Hong Kong, the People's Republic of China, and Canada.

Property Investments

With the admission of the People's Republic of China into the World Trade Organization and the successful bid for the 2008 Olympics and the 2010 World Expo, Shanghai, being the prime commercial and financial city of the Mainland, is now enjoying the fastest growth. The Group has proactively taken this opportunity to expand its rental portfolio by investing into the Shanghai property market.

- In February 2003, the Group acquired Fieldcrown Investments Limited which holds the entire equity interest in the 2nd and 3rd level of the East Phase of New Century Plaza in Shanghai; and
- In May 2003, the Group acquired Giant Power International Limited which holds the entire equity interest in Heng King International Commercial Tower in Shanghai.

Both investments have generated a steady stream of rental income for the Group. The Group will continue to enhance its quality portfolio of investment properties to strengthen its solid base of recurrent earnings.

Publishing Operations

The publishing operations was disposed by the Group by way of a distribution in specie of its entire shareholding in Sing Tao Media Holdings Limited ("STM") to the shareholders of the Company in the proportion of one STM share for every share in the Company held by the shareholders on 21st August, 2002.

Commercial Printing Operations

The Group disposed off the commercial printing operations on 19th April, 2002.

PROSPECTS

The global economic downturn, have been further hit by the fallout from the outbreak of Severe Acute Respiratory Syndrome ("SARS") which swept across Hong Kong and Mainland early this year. Despite the short-term psychological impact of the SARS outbreak in the property market, the Group still enjoy stable and high level of occupancy for the investment properties. The Group is optimistic to expanding its quality portfolio of investment properties to strengthen its solid base of steady recurrent earnings.

In addition, the Group is also reviewing new business opportunities in the area of value added logistical arrangements for technological products to take advantage of the bilateral trades currently exist between the Pearl River Delta region and the Yangtze Delta region, the two most important trading hubs in the Mainland. The Group believes that this will provide steady cash flows and thus further enhance the liquidity of the Group.

The Group is also seeking opportunities to invest in high-return business, such as medical sector in the Mainland, to diversify its income generating capacity and to enhance the shareholders' wealth. In July 2003, the Group had acquired HD Global group, a leading bio-technology group which is engaged in the research, development and distribution of world-class medical diagnostic equipment and proteomic products namely Protein Chip System to effectively detect complex diseases including cancer and diseases caused by immunological disorder at an early stage. The Group believes that both intellectual property and technological dominance in these products are keys of providing sustainable profit growth and maintaining attractive margins.

The Group believes that the diversification into medical services, bio-technology products distribution, and value-added logistical businesses will present a niche market for the Group and allow the Group to implement a business model that is based on sustainable cash flows, profitability and high-growth rate.

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend (2002: Nil).

LIQUIDITY AND FINANCING

The Group adopts a prudent approach in managing its liquidity and treasury function and sets out guidelines to achieve these objectives. These guidelines cover the Group's debt profile, financing horizon and interest rate risks management.

As at 30th June, 2003 the Group had cash and bank balances of HK\$16.3 million (31st December, 2002: HK\$41.6 million). The Group's gearing ratio as at 30th June, 2003 was 0.072 (31st December, 2002: 0.003), based on bank borrowings of HK\$11.2 million (31st December, 2002: HK\$308,000) and shareholders' fund of HK\$155.2 million (31st December, 2002: HK\$102.3 million).

The Group's bank borrowings were denominated in Hong Kong Dollars. Bank borrowings totaling HK\$11.2 million were outstanding as at 30th June, 2003. Annual interest rate of the borrowings as at 30th June, 2003 was 3.09% approximately.

The Group had very limited exposure to movements in exchange rates in connection to translation of net assets of overseas subsidiaries.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30th June, 2003.

EMPLOYEES

At 30th June, 2003, the Group had a total of 7 employees (2002: 1,589 employees). The substantial reduction in the number of employees of the Group reflected the completion of disposal of its printing business and publishing business. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES

At 30th June, 2003, the interests or short positions of the directors and chief executives in the shares of the Company and its associated corporations (all within the meaning of Part XV of the Securities and Futures ordinance ("SFO")) which were notified to the Company and the Stock Exchange of Hong Kong Limited (The "Stock Exchange"), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

The Company

Name of Director	Capacity	Number of ordinary Shares				Approximate % of Shareholding	
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Yao Yuan	Interest of controlled Corporation	-	-	1,319,929,075 <i>(Note (a))</i>	-	1,319,929,075	55.86%

Note:

- (a) As at 30th June, 2003, these shares were beneficially owned by Ming Yuan Investments Group Limited of which Mr. Yao Yuan and his brother Mr. Lu Chung, each owns 50% of the entire issued share capital respectively.

Save as disclosed above, none of the directors or chief executives of the Company or their associates had, as at 30th June, 2003, any interests or short positions in the shares of the Company or any of its associated companies which would have to be notified to the Company and the Stock Exchange, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES DISCLOSEABLE UNDER THE SFO

As at 30th June, 2003, shareholders who have interests or short positions in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

(A) Long positions of substantial shareholders in the shares of the Company

Name of Shareholder	Number of Ordinary Shares	Approximate % of Shareholding
Ming Yuan Investments Group Limited <i>(Note 1)</i>	1,319,929,075	55.86%

(B) Long positions of other persons in the shares of the Company

Name of Shareholder	Number of Ordinary Shares	Approximate % of Shareholding
Mr. Lee Kuan Teik	200,000,000	8.46%

Note:

- (1) As at 30th June, 2003, Mr. Yao Yuan and his brother Mr. lu Chung, each owns 50% of the entire issued share capital of Ming Yuan Investments Group Limited respectively.

Save as disclosed above, as at 30th June, 2003, the Company has not been notified by any persons who had interests or short positions in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DEALINGS IN THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the six months ended 30th June, 2003. Neither the Company nor any of its subsidiaries had purchased or sold the shares in the Company during the six months ended 30th June, 2003.

CORPORATE GOVERNANCE

Code of Best practice

In the opinion of the directors, the Company had compiled with the Code of Best Practice as set out in Appendix 14 to the Listing Rules throughout the six months ended 30th June, 2003 except that described under the heading "Non-executive Directors" below.

Non-executive Directors

During the six months ended 30th June, 2003, the non-executive directors have not been appointed for a specific term and they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

Bye-law 109 of the Bye-laws of the Company provides that at each general meeting of the Company, with the exception of the executive chairman, one-third of the directors of the Company (or if their number is not three or a multiple of three, the then number nearest to but not exceeding one-third) who have been longest in office since their last election shall retire from office and the retiring directors shall be eligible for re-election.

Based on the number of directors as at 30th June, 2003, a non-executive director will serve on the board for a term of about two years until he/she becomes due to retire from the board by rotation. In the opinion of the directors, this arrangement meets the same objective as the Code of Best Practice.

AUDIT COMMITTEE

The Audit Committee meets regularly to review the completeness, accuracy and fairness of the Company's financial statement. They consider the nature and scope of internal and external audit reviews. They also assess the effectiveness of the systems of internal control the Company has established to allow the Board of Directors to monitor the Group's overall financial position and to protect its assets.

On behalf of the Board
Chien Hoe Yong, Henry
Executive Director

Hong Kong, 10th September, 2003