



INTERIM DIVIDEND

A distribution by the Company of a dividend in specie to its shareholders of its entire shareholdings in Sing Tao Media Holdings Limited was completed on 21st August 2002.

The directors have resolved that apart from the above dividend in specie, no further interim dividend be declared in respect of the Period (Previous Period: Nil).

CHANGE OF COMPANY NAME

On 4th September 2002, the name of the Company has changed to Shanghai Ming Yuan Holdings Limited. The Chinese name adopted by the Company for identification purpose only is “上海銘源控股有限公司”.

PROSPECTS

After the completion of the distribution in specie of its entire shareholdings in Sing Tao Media Holdings Limited (“STM”) by the Company to 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, the principal assets of the Company consist of properties investment in Hong Kong, the PRC, and Canada. The principal business of the Company will continue to be property investment.

With the new chairman and directors on board, management will take a proactive but cautious approach towards consolidating its existing business. The management will continue to seize investment opportunities arising in the PRC from the admission of the PRC to the World Trade Organization. The Board believes that with the extensive management and investment experience in the PRC, and in particular in Shanghai, of the new management, the Company’s interest together with the interest of all shareholders will be maximized.

LIQUIDITY AND FINANCING

The Group adopts a prudent approach in managing its liquidity and treasury function and sets our guidelines over the Group’s debt profile, financing horizon and currency exposure as well as interest rate risks management.

The Group’s bank borrowings were denominated in US Dollars and Hong Kong Dollars for the Period. The annual interest rate of the borrowings as at 30th June 2002 was about 3.15%.

The Group's gearing ratio as at 30th June 2002 was 0.024 (31st December 2001: 0.048), based on bank borrowings of HK\$21.2 million (31st December 2001: HK\$36.5 million) and shareholder's funds of HK\$872.2 (31st December 2001: HK\$755.0 million).

The cash and bank balances increase significantly from HK\$174.2 million as at 31st December 2001 to HK\$500.5 million as at 30th June 2002 which include the bank deposits pledged in favour of the banks as at the respective dates. Bank borrowings in total of HK\$21.2 million were outstanding which were in part secured by pledged time deposits with a carrying value of HK\$30.0 million.

The Group has very limited exposure to movements in exchange rates. The majority of purchases were denominated in Hong Kong dollars and US dollars.

EMPLOYEES

At 30th June 2002, the Group had a total of 1,589 employees (30th September 2001: 2,842), of which 1,107 were based in Hong Kong, 129 in China, and 353 overseas. The substantial reduction in the number of employees of the Group during the period under review largely reflected the completion of disposal of certain of its printing business, details of which were shown in the Circular of the Company dated 8th March 2002.

In addition to competitive remuneration packages updated on a periodic basis and the mandatory provident fund scheme, the Group has provided its staff with various fringe benefits, such as contributory retirement schemes, long service awards, free medical insurance cover and subsidized meals.

EXECUTIVE SHARE OPTIONS SCHEME

On 3rd September 1999, the shareholders of the Company approved the executive share option scheme (the "Scheme"), under which the directors of the Company may, at their discretion, grant options at a consideration of HK\$1.00 each to any employees of the Group, including executive directors of any subsidiary of the Group to subscribe for shares in the Company. The Scheme will remain in force for the period from 3rd September 1999 to 2nd September 2009. No option can be exercised within 3 months from the date of grant.



The maximum number of shares in the Company in respect of which options may be granted under the Scheme may not exceed 10% of the issued share capital of the Company from time to time. The subscription price of shares in respect of which options are granted under the Scheme will be a price determined by the board of the directors of the Company and notified to each grantee and will not be less than 80%, of the average of the closing prices of the shares in the Company on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of offer of the grant of the options or the nominal value of a share, whichever is higher.

No option may be granted to any employees which if exercised in full would result in such employee becoming entitled to subscribe for such number of shares which, when aggregated with the total number of shares already issued and issuable to him or her under the Scheme, would exceed 25% of the aggregate number of shares for the time being issued and issuable under the Scheme.

The shares allotted upon the exercise of an option will be subject to all provisions of the Bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid shares in issue on the date of exercise of the option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the date of exercise of the option.

As at 30th June 2002, there were outstanding options to subscribe for 21,000,000 shares in the Company exercisable from 1st December 2001 to 2nd September 2009 at a subscription price of HK\$0.845 per share (at the adjusted subscription price of HK\$0.344 per share after the completion of the distribution by the Company of a dividend in specie) in the Company.

During the Period, no options were exercised by the above grantees to subscribe for shares in the Company. On 9th September 2002, all the above grantees accepted the general offer made by Ming Yuan Investments Group Limited to renounce their respective rights to subscribe for shares in the Company for a consideration of HK\$0.18 for each option share.