

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, and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

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 2001 except that the Group has adopted the new and revised SSAPs which became effective on 1st January 2001. The changes to the Group’s accounting policies, and the effects of adopting them are set out below:

(a) *SSAP 9 (revised): Events after balance sheet date*

In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy. The proposed special and final dividends, amounting to HK\$43,158,000, previously recorded as current liabilities at 31st March 2001 have been restated and included in shareholders’ funds.

(b) *SSAP 26: Segment reporting*

In Note 2 to these unaudited interim accounts, the Group has disclosed segment revenue and results as defined under SSAP 26. In accordance with the Group’s internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format. Comparative information has been given.

1 Basis of preparation and accounting policies (Cont'd)

(c) SSAP 29: Intangible assets

In accordance with SSAP 29, internally generated publishing titles should not be recognised as intangible assets.

Previously the Group's internally generated principal publishing titles were stated at a value of HK\$600,000,000 based upon a valuation carried out by Arthur Andersen & Co., Certified Public Accountants, on 30th September 1995. The adoption of SSAP 29 represents a change in accounting policy and the effect of this change has been accounted for as a prior period adjustment by setting off the publishing titles against the revaluation reserve at 30th September 2001 by HK\$600,000,000. This change in accounting policy has been applied retrospectively so that the comparatives presented have been restated by the same amount to conform to the changed policy.

Furthermore, SSAP 29 requires the Group's purchased publishing title of HK\$10,000,000 which was included as an intangible asset and the HK\$17,500,000 purchased publishing title of an associated company at 31st March 2001 be amortised on a straight-line basis over a maximum of 20 years since the date of purchase. As a result, the profit for the six months ended 30th September 2000 is reduced by HK\$1,125,000 and the accumulated losses at 31 March 2001 are increased by HK\$10,677,000.

(d) SSAP 30: Business combinations and SSAP 31: Impairment of assets

Previously positive and negative goodwill arising on the acquisition of subsidiary and associated companies has been charged or credited to reserves in the year of acquisition. Under SSAP 30 "Business Combinations" and SSAP 31 "Impairment of Assets", goodwill is stated at cost less accumulated amortisation and provision for impairment in value, if any. Goodwill is amortised on a straight-line basis over its estimated useful life of not exceeding 20 years. Any impairment of goodwill is recognised as an expense in the profit and loss account immediately.

The Group has adopted the transitional provision of SSAP 30 that goodwill previously included in reserves need not be restated.

1 Basis of preparation and accounting policies (Cont'd)

(e) SSAP 14 (revised): Leases

The revised SSAP 14 prescribes the accounting policies and disclosure requirements in relation to finance and operating leases. The adoption of the standard by the Group does not have any impact on these unaudited interim accounts except that disclosures set out in note 9 have been extended.

2 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 period, analysed by business segments and geographical segments, are as follows:

	Turnover		Segment results	
	Six months ended		Six months ended	
	30th September		30th September	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments:				
Publishing	350,666	408,893	4,945	49,235
Travel and travel related services	190,921	244,305	2,613	5,467
Internet businesses (<i>Note</i>)	31,736	12,722	(15,452)	(23,305)
	<u>573,323</u>	<u>665,920</u>	<u>(7,894)</u>	<u>31,397</u>
Unallocated expenses			(735)	(582)
			<u>(8,629)</u>	<u>30,815</u>
Net interest income			744	1,063
Gain on dilution of interest in a subsidiary			–	24,495
			<u>(7,885)</u>	<u>56,373</u>

Note: Internet businesses comprise advertising, provision of contents and travel related services through the Group's various portals.

2 Segment information (Cont'd)

	Turnover		Segment results	
	Six months ended 30th September		Six months ended 30th September	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical segments:				
Hong Kong	392,576	462,484	(355)	30,575
Canada	116,545	127,165	1,614	9,617
The United States of America	52,699	60,694	(7,353)	(7,568)
The Mainland China	11,503	15,577	(1,800)	(1,227)
	<u>573,323</u>	<u>665,920</u>	<u>(7,894)</u>	<u>31,397</u>
Unallocated expenses			(735)	(582)
			<u>(8,629)</u>	<u>30,815</u>
Net interest income			744	1,063
Gain on dilution of interest in a subsidiary			–	24,495
			<u>(7,885)</u>	<u>56,373</u>

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging the following:

	Six months ended 30th September	
	2001	2000
	HK\$'000	HK\$'000
Cost of inventories sold	92,429	83,651
Depreciation		
– Owned fixed assets	17,618	16,977
– Leased fixed assets	238	–
Amortisation of intangible assets	687	1,125

4 Taxation

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

	Six months ended 30th September	
	2001	2000
	HK\$'000	HK\$'000
Hong Kong profits tax		
– current period	2,268	3,417
– under provision in previous years	1,229	3,854
Overseas taxation		
– current period	–	–
	<u>3,497</u>	<u>7,271</u>

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits of the companies within the Group operating in Hong Kong for the period. Overseas taxation is provided at the relevant tax rates on the estimated assessable profits of the companies within the Group operating overseas for the period.

5 Dividends

	Six months ended 30th September	
	2001	2000
	HK\$'000	HK\$'000
Dividends declared before period end		
Special, paid, of HK8 cents per ordinary share	31,388	–
Final, paid, of HK3 cents per ordinary share (HK3 cents in the last corresponding period)	11,770	11,762
Dividends declared after period end		
Interim of HK2 cents per ordinary share (HK3 cents in the last corresponding period)	7,847	11,767
	<u>51,005</u>	<u>23,529</u>

6 (Loss)/earnings per share

The calculation of the basic loss per share is based on the unaudited loss attributable to shareholders for the period of HK\$13,992,000 (2000: profit attributable to shareholders of HK\$49,102,000) and the weighted average of 392,345,000 shares (2000: 392,059,000 shares) in issue during the period.

No diluted loss per share for the period ended 30th September 2001 is presented as the exercise of the outstanding share options of the Company would have an anti-dilutive effect. For the period ended 30th September 2000, no diluted earnings per share has been presented as there is no dilutive effect arising from the exercise of the outstanding share options of the Company.

7 Accounts receivable, deposits and prepayments

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

	0 to 60 days HK\$'000	61 to 120 days HK\$'000	121 to 180 days HK\$'000	Over 180 days HK\$'000	Total HK\$'000
Balance at 30th September 2001	<u>91,342</u>	<u>38,170</u>	<u>12,243</u>	<u>5,053</u>	<u>146,808</u>
Balance at 31st March 2001	<u>89,237</u>	<u>38,625</u>	<u>9,878</u>	<u>2,871</u>	<u>140,611</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:

	0 to 60 days HK\$'000	61 to 120 days HK\$'000	121 to 180 days HK\$'000	Over 180 days HK\$'000	Total HK\$'000
Balance at 30th September 2001	<u>56,082</u>	<u>3,106</u>	<u>1,522</u>	<u>4</u>	<u>60,714</u>
Balance at 31st March 2001	<u>47,183</u>	<u>2,611</u>	<u>1,176</u>	<u>-</u>	<u>50,970</u>

9 Long-term liabilities

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
Bank loans – secured		
Not wholly repayable within five years	23,141	46,720
Obligations under finance leases	9,727	7,884
	<u>32,868</u>	<u>54,604</u>
Current portion of long-term liabilities	(21,209)	(44,111)
	<u><u>11,659</u></u>	<u><u>10,493</u></u>

At 30th September 2001, the Group's bank loans and finance lease liabilities were repayable as follows:

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
Bank loans – secured		
Within one year	18,511	41,908
In the second year	423	420
In the third to fifth year	1,268	1,260
After the fifth year	2,939	3,132
	<u>23,141</u>	<u>46,720</u>

9 Long-term liabilities (Cont'd)

	30th September 2001 HK\$'000	31st March 2001 HK\$'000
Finance lease liabilities – minimum lease payments		
Within one year	3,189	2,622
In the second year	3,113	2,493
In the third to fifth year	4,653	3,707
	<u>10,955</u>	<u>8,822</u>
Future finance charges on finance leases	(1,228)	(938)
Present value of finance lease liabilities	<u>9,727</u>	<u>7,884</u>
The present value of finance lease liabilities is repayable as follows:		
Within one year	2,698	2,203
In the second year	2,764	2,233
In the third to fifth year	4,265	3,448
	<u>9,727</u>	<u>7,884</u>

10 Share capital

	Authorised ordinary shares of HK\$0.10 each	
	No. of shares	HK\$'000
At 1st April and 30th September 2001	<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 and 30th September 2001	<u>392,345,000</u>	<u>39,234</u>

11 Reserves

	Share premium account HK\$'000	Property revalu- ation reserve HK\$'000	Publish- ing titles revalu- ation reserve HK\$'000	Capital redemp- tion reserve HK\$'000	Exchange fluctu- ation reserve HK\$'000	Difference on con- solidation HK\$'000	Reserve on con- solidation HK\$'000	Accumu- lated losses HK\$'000	Total HK\$'000
At 1st April 2001, as previously stated	589,765	145,096	600,000	356	(86)	(22,400)	1,878	(139,085)	1,175,524
Effect of adopting SSAP 9 (revised)	-	-	-	-	-	-	-	43,158	43,158
Effect of adopting SSAP 29	-	-	(600,000)	-	-	-	-	(10,677)	(610,677)
At 1st April 2001, as restated	589,765	145,096	-	356	(86)	(22,400)	1,878	(106,604)	608,005
Prior year dividends paid	-	-	-	-	-	-	-	(43,158)	(43,158)
Loss for the period (as restated for the effect of adopting SSAP 29)	-	-	-	-	-	-	-	(13,992)	(13,992)
Exchange adjustment	-	-	-	-	(133)	-	-	-	(133)
At 30th September 2001	589,765	145,096	-	356	(219)	(22,400)	1,878	(163,754)	550,722
Interim dividend, proposed (Note)	-	-	-	-	-	-	-	(7,847)	(7,847)
At 30th September 2001, after proposed interim dividend	<u>589,765</u>	<u>145,096</u>	<u>-</u>	<u>356</u>	<u>(219)</u>	<u>(22,400)</u>	<u>1,878</u>	<u>(171,601)</u>	<u>542,875</u>

Note: The proposed interim dividend is to be distributed from the Company's contributed surplus.

12 Comparative figures

Due to the adoption of the new and revised SSAPs during the current period as well as to be consistent with the presentation of the annual accounts for the year ended 31st March 2001, certain comparative figures have been restated to conform with the current period's presentation.

By Order of the Board
TIONG Kiew Chiong
 Director

Hong Kong, 14th December 2001