NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Ma's Holdings Limited, a private limited company incorporated in the British Virgin Islands.

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 15.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice ("SSAP(s)") issued by the Hong Kong Society of Accountants. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

Cash flow statement

In the current year, the Group has adopted SSAP 15 (Revised) "Cash flow statements". Under SSAP 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest received and interest and dividends paid, which were previously presented under a separate heading, are classified as investing or financing cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities.

In addition, the amounts presented for cash and cash equivalents have been amended to exclude short-term loans that are financing in nature. The re-definition of cash and cash equivalents resulted in a restatement of the comparative amounts shown in the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE *(Continued)*

Employee benefits

In the current year, the Group has adopted SSAP 34 "Employee benefits", which introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of land and buildings.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Revenue recognition

(a) Revenue from sales of newspapers and magazines to distributor or customers is recognised when the products are delivered and title has passed.

(b) Advertising income is recognised when the relevant advertisement is published.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

(c) Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

(d) Interest income is accrued on a time basis by reference to the principal outstanding and at the rates applicable.

Property, plant and equipment

Property, plant and equipment, other than land and buildings and property under development, are stated at cost less depreciation and accumulated impairment losses.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

Land and buildings are stated in the consolidated balance sheet at their revalued amount on an open market value basis, based on professional valuation performed by qualified valuers, less any subsequent accumulated depreciation and any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Depreciation is provided to write off the cost or valuation of property, plant and equipment, other than property under development, over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method, at the following rates per annum:

Type	Basis
Leasehold land	Over the term of the lease
Buildings	2% – 3%
Plant, machinery and printing equipment	5% – 25%
Furniture, fixtures and equipment	20% – 25%
Motor vehicles	20% – 25%

Property under development is stated at cost less any identified impairment loss. This property will be reclassified as land and buildings upon completion of the development.

Club membership

Club membership is stated at cost less any identified impairment loss.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable during the year.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the impairment loss is treated as a revaluation decrease under that SSAP.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Operating leases

Rental expenses under operating leases are charged to the income statement on a straight line basis over the period of the respective leases.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

Transactions in currencies other than Hong Kong Dollars are translated into Hong Kong Dollars at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong Dollars are re-translated into Hong Kong Dollars at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

4. TURNOVER

	2003 *HK$'000*	2002 *HK$'000*
Publication of newspapers and magazines	1,995,720	2,218,780
Property investment and building management	2,374	1,988
	1,998,094	2,220,768

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group is primarily engaged in the publication of newspapers and magazines.

All of the Group's activities during the year are carried out in Hong Kong and all of the Group's assets are located in Hong Kong. Accordingly, a business and geographical analysis is not presented.

6. OTHER OPERATING INCOME

	2003 *HK$'000*	2002 *HK$'000*
Included in other operating income are:		
Interest earned on bank deposits	18,731	28,380
Sales of scrap materials	8,723	9,807

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

7. PROFIT FROM OPERATIONS

	2003	2002
	HK$'000	*HK$'000*
Profit from operations has been arrived at after charging (crediting):		
Auditors' remuneration	1,000	1,461
Depreciation:		
owned assets	107,840	125,838
assets held under hire purchase contracts	–	1,410
Allowance for bad and doubtful debts	457	1,360
Net exchange loss	464	144
Property rental income less negligible outgoings	(2,362)	(1,964)

8. FINANCE COSTS

	2003	2002
	HK$'000	*HK$'000*
Interest on:		
Bank loans and other loans wholly repayable within 5 years	1,822	3,605
Hire purchase contracts	–	49
Total borrowing costs	1,822	3,654

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

9. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Details of directors' emoluments are as follows:

	2003	2002
	HK$'000	*HK$'000*
Fees		
Executive directors	150	150
Independent non-executive directors	165	165
	315	315
Salaries and other benefits		
Executive directors	15,671	9,971
	15,986	10,286

The emoluments of the directors are within the following bands:

	Number of directors	
	2003	2002
Nil – HK$1,000,000	5	4
HK$3,000,001 – HK$3,500,000	–	1
HK$5,500,001 – HK$6,000,000	1	1
HK$8,500,001 – HK$9,000,000	1	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

9. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS *(Continued)*

(b) The emoluments of the top five individuals disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange are as follows:

	2003 *HK$'000*	2002 *HK$'000*
Salaries and other benefits	60,948	46,953

Their emoluments are within the following bands:

	Number of individuals 2003	 2002
HK$ 2,500,001 – HK$ 3,000,000	1	1
HK$ 3,000,001 – HK$ 3,500,000	–	1
HK$ 5,500,001 – HK$ 6,000,000	1	1
HK$ 8,500,001 – HK$ 9,000,000	1	–
HK$15,500,001 – HK$16,000,000	–	1
HK$19,500,001 – HK$20,000,000	1	1
HK$23,500,001 – HK$24,000,000	1	–

Two (2002: two) of the top five individuals with the highest emoluments in the Group are executive directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

10. TAXATION

	2003	2002
	HK$'000	*HK$'000*
The Company and subsidiaries:		
Hong Kong Profits Tax		
Current year	65,587	7,614
(Over)underprovision in prior years	(3,285)	2,817
	62,302	10,431
Deferred taxation *(note 21)*	9,955	27,040
	72,257	37,471

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits for the year.

11. DIVIDENDS

	2003	2002
	HK$'000	*HK$'000*
Final dividend paid:		
2002: HK7 cents (2001: HK6 cents) per share	167,854	143,875
Interim dividend paid:		
2003: HK3 cents (2002: HK3 cents) per share	71,938	71,938
	239,792	215,813

The final dividend of HK 7 cents (2002: HK 7 cents) per share and a special dividend of HK 2 cents (2002: Nil) per share have been proposed by the Directors and are subject to the approval by the shareholders in the forthcoming annual general meeting.

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK$340,186,000 (2002: HK$303,328,000) and on 2,397,917,898 (2002: 2,397,917,898) ordinary shares in issue during the year.

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue in either year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings held under long-term leases in Hong Kong	Land and buildings held under medium-term leases in Hong Kong	Property under development	Plant, machinery and printing equipment	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP							
AT COST OR VALUATION							
At 1 April 2002	650	373,400	57,655	973,098	238,641	18,738	1,662,182
Additions	–	–	130,112	6,669	862	1,424	139,067
Disposals	–	–	–	(183)	(2,217)	(1,739)	(4,139)
Deficit on revaluation	(50)	(15,000)	–	–	–	–	(15,050)
At 31 March 2003	600	358,400	187,767	979,584	237,286	18,423	1,782,060
Representing:							
At cost	–	–	187,767	979,584	237,286	18,423	1,423,060
At 2003 valuation	600	358,400	–	–	–	–	359,000
	600	358,400	187,767	979,584	237,286	18,423	1,782,060
DEPRECIATION AND IMPAIRMENT							
At 1 April 2002	–	–	–	289,349	157,006	14,811	461,166
Provided for the year	13	7,978	–	57,504	40,344	2,001	107,840
Impairment loss recognised in the consolidated income statement	–	–	–	21,310	–	–	21,310
Eliminated on disposals	–	–	–	(163)	(1,953)	(1,638)	(3,754)
Eliminated on revaluation	(13)	(7,978)	–	–	–	–	(7,991)
At 31 March 2003	–	–	–	368,000	195,397	15,174	578,571
NET BOOK VALUES							
At 31 March 2003	600	358,400	187,767	611,584	41,889	3,249	1,203,489
At 31 March 2002	650	373,400	57,655	683,749	81,635	3,927	1,201,016

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Motor vehicles
	HK$'000
THE COMPANY	
AT COST	
At 1 April 2002	18,738
Additions	1,424
Disposals	(1,739)
At 31 March 2003	**18,423**
DEPRECIATION	
At 1 April 2002	14,811
Provided for the year	2,001
Eliminated on disposals	(1,638)
At 31 March 2003	**15,174**
NET BOOK VALUES	
At 31 March 2003	**3,249**
At 31 March 2002	3,927

The land and buildings of the Group in Hong Kong were revalued at 31 March 2003 by DTZ Debenham Tie Leung Limited, an independent professional valuer, on an open market value basis. If these land and buildings had not been revalued, they would have been included in these financial statements at historical costs less accumulated depreciation of HK$319,320,000 (2002: HK$327,117,000).

Included in land and buildings of the Group are assets carried at carrying amount of HK$5,912,375 (2002: HK$6,091,538) being held for generating rental income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Certain plant, machinery and printing equipment are reduced to their recoverable amount which are determined by reference to the expected selling price of those plant, machinery and printing equipment which had been contracted to sell at the balance sheet date.

14. CLUB MEMBERSHIP

	THE GROUP & THE COMPANY	
	2003	2002
	HK$'000	*HK$'000*
At cost	4,745	–

15. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2003	2002
	HK$'000	*HK$'000*
Unlisted shares, at cost	43,747	43,747
Advances to subsidiaries	1,959,276	1,677,506
	2,003,023	1,721,253
Impairment losses recognised	(695)	(695)
	2,002,328	1,720,558

The advances are unsecured, interest free and have no fixed repayment terms. In the opinion of the Directors, the Group will not demand repayment within twelve months from the balance sheet date and the amounts are therefore shown as non-current.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

15. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Company at 31 March 2003 are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of ordinary shares held by the Company *HK$*	Principal activity
Brilliant City Company Limited	Hong Kong	100	Property leasing
Dragon Asia Property Limited	Hong Kong	100	Property holding
Long Joy Investments Limited	Hong Kong	100	Property leasing
New Reform Limited	Hong Kong	100	Property holding
OPG Building Management Limited #	Hong Kong	2	Building management
OPG Finance Limited	Hong Kong	2	Treasury company
OPG Human Resources Limited	Hong Kong	2	Human resources services
OPG Printing Limited	Hong Kong	100	Printing services
Oriental Daily News Limited	Hong Kong	100	Newspaper publication
Oriental Daily Publisher Limited #	Hong Kong	100	Registered publisher
Oriental Press Centre Limited	Hong Kong	2	Property holding
Oriental Publications Limited	Hong Kong	100	Publication services
Orisun.com (HK) Limited #	Hong Kong	2	Website service provider
Orisun.com Operations Limited #	Hong Kong	2	Website service provider
Pertown Limited	Hong Kong	100	Property leasing
Queen Glory Company Limited #	Hong Kong	2	Property holding
The Sun News Publisher Limited #	Hong Kong	100	Registered publisher
The Sun Racing Journal Limited	Hong Kong	2	Horse racing journal publication
Topever International Limited	Hong Kong	100	Property leasing
United Master Limited	Hong Kong	100	Property holding

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

15. INTERESTS IN SUBSIDIARIES *(Continued)*

All the subsidiaries are directly held and wholly-owned private limited companies except otherwise stated.

None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

Indirectly held

16. INVENTORIES

	THE GROUP	
	2003	2002
	HK$'000	*HK$'000*
Newsprints and printing materials	91,735	85,805
Spare parts and supplies	15,807	15,154
Others	1,059	1,084
	108,601	102,043

17. TRADE RECEIVABLES

The Group has a policy of allowing an average credit period of 90 days to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet date:

	THE GROUP	
	2003	2002
	HK$'000	*HK$'000*
0 – 60 days	120,020	135,872
61 – 90 days	54,137	60,037
> 90 days	65,584	47,447
	239,741	243,356

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

18. TRADE PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	THE GROUP	
	2003	2002
	HK$'000	*HK$'000*
0 – 60 days	41,937	16,374
61 – 90 days	3,329	3,377
> 90 days	10,505	8,564
	55,771	28,315

19. BANK BORROWINGS

	THE GROUP	
	2003	2002
	HK$'000	*HK$'000*
Secured bank loans	46,655	69,059
Trust receipts loans	12,058	55,588
	58,713	124,647
The maturities of the above bank borrowings are as follows:		
Within one year	34,462	77,992
More than one year, but not exceeding two years	22,404	22,404
More than two years, but not exceeding five years	1,847	24,251
	58,713	124,647
Less: Amounts due within one year shown under current liabilities	(34,462)	(77,992)
Amount due after one year	24,251	46,655

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

19. BANK BORROWINGS *(Continued)*

The bank loans are secured by a charge over certain printing equipment with an aggregate net book value of approximately HK$144,000,000 (2002: HK$152,000,000) at the balance sheet date.

20. SHARE CAPITAL

	Number of shares 2003 & 2002	Share capital 2003 & 2002 *HK$'000*
Ordinary shares of HK$0.25 each		
Authorised:		
At beginning and end of the year	5,000,000,000	1,250,000
Issued and fully paid:		
At beginning and end of the year	2,397,917,898	599,479

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

21. DEFERRED TAXATION

	THE GROUP	
	2003	2002
	HK$'000	*HK$'000*
Balance at beginning of the year	98,715	71,675
Charge for the year *(note 10)*	701	27,040
Effect of change in tax rate *(note 10)*	9,254	–
Balance at end of the year	108,670	98,715
Comprises tax effect on timing differences arising from:		
Difference between depreciation and accelerated depreciation allowances	108,670	107,009
Unutilised tax losses	–	(8,294)
	108,670	98,715

No deferred tax was provided for the Company as the amount is considered immaterial.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

21. DEFERRED TAXATION *(Continued)*

The potential deferred tax assets (liabilities) which have not been recognised (provided for) in the financial statements are as follows:

	THE GROUP		THE COMPANY	
	2003	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Balance at beginning of the year	**24,552**	30,305	**1,676**	2,691
Current year				
Difference between depreciation and accelerated depreciation allowances	**3,231**	10,815	**50**	101
General provision	**(18)**	(787)	**–**	–
Tax losses utilised	**(5,925)**	(15,781)	**(1,027)**	(1,116)
Effect of change in tax rate	**2,302**	–	**157**	–
Balance at end of the year	**24,142**	24,552	**856**	1,676
Comprises tax effect on timing difference arising from:				
Difference between depreciation and accelerated depreciation allowances	**15,440**	11,163	**(299)**	(319)
General provision	**1,764**	1,629	**–**	–
Unutilised tax losses	**6,938**	11,760	**1,155**	1,995
Balance at end of the year	**24,142**	24,552	**856**	1,676

The deferred tax asset has not been recognised in the financial statements as it is not certain that the tax benefits will crystallise in the foreseeable future.

Deferred taxation has not been provided on the surplus arising on the revaluation of land and buildings as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the revaluation surplus does not constitute a timing difference for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

22. CONTINGENT LIABILITIES

At the balance sheet date, there were contingent liabilities, so far as not provided for in the financial statements, in respect of:

	THE COMPANY	
	2003	2002
	HK$'000	*HK$'000*
Guarantees for banking facilities utilised by subsidiaries	80,363	67,536

23. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

Minimum lease payments of the Group paid under operating leases during the year:

	2003	2002
	HK$'000	*HK$'000*
Premises	8,244	11,023

At the balance sheet date, the Group had operating lease commitments for future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2003	2002
	HK$'000	*HK$'000*
Within one year	7,894	7,998
In the second to fifth year inclusive	4,344	9,860
	12,238	17,858

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

23. COMMITMENTS *(Continued)*

(a) Operating lease commitments *(Continued)*

Operating lease payments represent rentals payable by the Group for certain of its printing and office premises. Leases are negotiated and fixed for an average term of two years.

The Group as lessor

Property rental income earned during the year was HK$2,362,000 (2002: HK$1,964,000). The Group's properties held for rental purpose are expected to generate a yield of 5% on an ongoing basis. All of the properties held have committed tenants for the next year.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2003	2002
	HK$'000	*HK$'000*
Within one year	1,969	2,362
In the second to fifth year inclusive	–	1,969
	1,969	4,331

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

23. COMMITMENTS *(Continued)*

(b) Capital commitments

	THE GROUP	
	2003	2002
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment		
– authorised but not contracted for	–	300,000
– contracted but not provided for in the financial statements	320,520	3,698

	THE COMPANY	
	2003	2002
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment		
– authorised but not contracted for	–	–
– contracted but not provided for in the financial statements	15,643	–

(c) At the balance sheet date, there was outstanding forward contract amounting to HK$56,298,000 for the purchase of US Dollars to finance its purchase of printing equipment for its new Tai Po factory.

24. RELATED PARTY TRANSACTIONS

During the year, the Group paid legal fees amounting to approximately HK$1,459,000 (2002: HK$3,545,000) to Messrs. Iu, Lai & Li. Mr. Dominic LAI, an independent non-executive director of the Company, is a senior partner of Messrs. Iu, Lai & Li. The transaction prices were considered by the Directors as estimated market value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2003

25. RETIREMENT BENEFIT SCHEME

The employees of the Group were covered under the Mandatory Provident Fund Scheme (the "MPF Scheme") which is a defined contribution scheme and the assets are managed by the trustee. The MPF Scheme is available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions are made by the Group at 5% of the staff's relevant income. The maximum relevant income for contribution purpose is HK$20,000 per month. Staff members are entitled to 100% of the Group's contributions plus the accrued returns irrespective of their length of service with the Group, but the benefits are required by law to be preserved until the retirement age of 65. During the year, contributions to the MPF Scheme amounted to approximately HK$23,109,000 (2002: HK$26,133,000).

26. OUTSTANDING LITIGATIONS

At the balance sheet date, there were outstanding unresolved litigations that were brought against the Group. All these cases were related to defamation. The Group intends to strongly contest the claims and while the final outcome of the proceedings is uncertain, the Directors are of the opinion that the ultimate liability, if any, will not have a material impact upon the Group's financial position.