

# Notes to the Accounts

31st March 2003

## 1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated accounts are set out below:

### (a) Basis of preparation

- (i) The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, certain properties and trading securities are stated at fair value.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34 (revised)	:	Employee benefits

The changes to the Group's accounting policies and the effect of adopting these new and revised standards are set out in the accounting policies below.

- (ii) The effect of the adoption of SSAP 34 (revised):

With effect from 1st April 2002, the Group has adopted SSAP 34 (revised) "Employee Benefits". The details of pension obligations are set out in note 1 (h)(iii) to the accounts.

The adoption of SSAP 34 (revised) represents a change in accounting policy, which has retrospective effect and the changes are set out below:

There are defined benefit plan's assets of HK\$14,286,000 as at 31st March 2003 (2002: HK\$13,498,000) which resulted from the fair value of plan assets exceeding the present value of funded obligations.

The effect of this change was accounted for as a prior year adjustment. As a result, the accumulated losses at 31st March 2002 were reduced by HK\$13,498,000, and the loss after taxation for the year ended 31st March 2002 was reduced by HK\$803,000.

## Notes to the Accounts (Cont'd)

31st March 2003

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (b) Group Accounting

##### (i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power, or has the power to govern the financial and operating policies, or to appoint or remove the majority of the members of the board of directors, or to cast majority of votes at the meetings of the board of directors.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account 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.

The gain or loss on disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill (net of accumulated amortisation) or goodwill/negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account and any related accumulated foreign currency translation reserve.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

##### (ii) Associated companies

An associated company is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of results of the associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies and also goodwill (net of accumulated amortisation) /negative goodwill on acquisition.

## Notes to the Accounts (Cont'd)

31st March 2003

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (b) Group Accounting (Cont'd)

##### (ii) *Associated companies (Cont'd)*

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividends received and receivable.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

##### (iii) *Translation of foreign currencies*

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheets of subsidiaries and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss accounts are translated at an average rate. Exchange differences are dealt with as movements in reserves.

#### (c) Intangibles

##### (i) *Goodwill/negative goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary or associated company at the date of acquisition.

Goodwill on acquisitions occurring on or after 1st January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life, but not exceeding 15 years.

Goodwill on acquisitions that occurred prior to 1st January 2001 was eliminated against reserves. Any impairment arising on such goodwill is accounted for in the profit and loss account.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets over the cost of acquisition.

## Notes to the Accounts (Cont'd)

31st March 2003

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (c) Intangibles (Cont'd)

##### (i) *Goodwill/negative goodwill (Cont'd)*

For acquisitions on or after 1st January 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the profit and loss account immediately.

For acquisitions prior to 1st January 2001, negative goodwill was taken directly to reserves on acquisition.

##### (ii) *Impairment of intangible assets*

Where an indication of impairment exists, the carrying amount of any intangible asset, including goodwill previously written off against reserves, is assessed and written down immediately to its recoverable amount.

#### (d) Fixed assets

##### (i) *Other properties*

Other properties are interests in land and buildings stated at cost or fair value which is determined by the directors based on independent valuations.

Effective from 30th September 1995, no further revaluations of the Group's freehold and leasehold land and buildings have been carried out. The Group places reliance on paragraph 80 of SSAP 17 which provides exemption from the need to make regular revaluations for such assets.

Freehold land is not amortised. Freehold buildings are depreciated on a straight-line basis over their expected useful lives to the Group, the principal annual rate used for this purpose is 2.5%.

Leasehold land and buildings, which are stated at cost or valuation, are depreciated on a straight-line basis over the unexpired periods of the leases or their expected useful lives to the Group, whichever is shorter. The principal annual rates range from 2% to 2.6%.

## Notes to the Accounts (Cont'd)

31st March 2003

**1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)****(d) Fixed assets (Cont'd)***(ii) Other fixed assets*

Other fixed assets, comprising leasehold improvements, furniture, fixtures, office equipment, machinery, printing equipment and motor vehicles, are stated at cost less accumulated depreciation and accumulated impairment losses. They are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	15% – 33.33% or over lease periods
Furniture, fixtures and office equipment	10% – 33.33%
Machinery and printing equipment	6.67% – 33.33%
Motor vehicles	25%

*(iii) Impairment and gain or loss on disposal*

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in other properties and other fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained profits/accumulated losses and is shown as a movement in reserves.

**(e) Assets under leases***(i) Finance leases*

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

## Notes to the Accounts (Cont'd)

31st March 2003

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (e) Assets under leases (Cont'd)

##### (i) Finance leases (Cont'd)

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease periods.

##### (ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

#### (f) Trading securities

Trading securities are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of trading securities are recognised in the profit and loss account. Profits or losses on disposal of trading securities, representing the differences between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

#### (g) Inventories

Inventories comprise raw materials and finished goods and are stated at the lower of cost and net realisable value. Cost, calculated on the first-in first-out basis, comprises materials, direct labour and an appropriate proportion of production overhead. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

#### (h) Employee benefits

##### (i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

## Notes to the Accounts (Cont'd)

31st March 2003

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (h) Employee benefits (Cont'd)

##### (ii) Profit sharing and bonus plans

The expected cost of profit sharing and bonus plans are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

##### (iii) Pension obligations

The Group operates a hybrid retirement benefit scheme (the "Scheme") and a Mandatory Provident Fund Scheme ("MPF") for its employees in Hong Kong. Overseas employees are under separate pension schemes which are defined contribution plans set up in the countries that the Group operates. The assets of all retirement plans are held separately from those of the Group in independently administered funds. The defined benefit plans and defined contribution plans are generally funded by payments from the relevant Group companies and/or employees.

The Group's contributions to the Scheme are made based on the periodic recommendations of independent qualified actuaries. Prior to the adoption of SSAP 34 (revised), they are charged to the profit and loss account.

With effect from 1st April 2002, the Group has adopted SSAP 34 (revised) whereby the pension costs of the Scheme are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefit is charged to the profit and loss account so as to spread the regular pension costs over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the Scheme annually. The pension obligation is measured as the present value of the estimated future cash outflows of the Scheme by reference to market yields of Government securities which have similar terms as the terms of the related liabilities. Actuarial gains and losses are recognised over the average remaining service lives of employees. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested.

The adoption of SSAP 34 (revised) represents a change in accounting policy, which has retrospective effect. The comparative figures presented in the accounts have been restated to conform to the changed policy. The details of effect of adoption of SSAP 34 (revised) are set out in note 1(a)(ii) to the accounts.

## Notes to the Accounts (Cont'd)

31st March 2003

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (h) Employee benefits (Cont'd)

##### *(iii) Pension obligations (Cont'd)*

The Group's contributions to the defined contribution retirement schemes and MPF scheme are expensed as incurred. The Group's contributions to the defined contribution schemes are reduced by the Group's contributions forfeited by those employees who leave the schemes prior to vesting fully in the Group's contributions.

#### (i) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

#### (j) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from dates of investments and bank overdrafts.

#### (k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

#### (l) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

#### (m) Revenue recognition

Revenue from the circulation and subscription sales of newspapers, periodicals and books, net of trade discounts and returns, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery. Unearned subscription fees received from subscribers are recorded as subscriptions received in advance under accounts payable and accrued charges in the balance sheet.

## Notes to the Accounts (Cont'd)

31st March 2003

### 1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

#### (m) Revenue recognition (Cont'd)

Advertising income, net of trade discounts, is recognised when the newspapers and periodicals are published.

Revenue from packaged tour operations is recognised upon the departure of tours. Revenue from the provision of other travel related services is recognised upon the delivery of services.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Management fee income and commission income are recognised on an accrual basis.

Operating lease rental income is recognised on a straight-line basis.

Dividend income is recognised when the right to receive payment is established.

#### (n) Segment reporting

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.

Unallocated expenses represent corporate expenses. Segment assets consist primarily of fixed assets, defined benefit plan's assets, inventories, receivables and operating cash, and exclude trading securities, tax recoverable and corporate assets. Segment liabilities comprise operating liabilities and exclude items such as taxation payable and certain corporate borrowings. Capital expenditure comprises additions of fixed assets.

In respect of geographical segments reporting, revenues and results are based on the location in which the customer is located. Total assets and capital expenditure are based on where the assets are located.

#### (o) Comparative figures

Due to the adoption of the new and revised SSAPs issued by HKSA during the year, certain comparative figures have been restated to conform with the current year's presentation.

## Notes to the Accounts (Cont'd)

31st March 2003

**2 TURNOVER, REVENUES AND SEGMENT INFORMATION**

The Group is principally engaged in the publication of Chinese newspapers, periodicals and books, provision of travel and travel related services. Revenues recognised during the year are as follows:

	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
Turnover		
Sales of newspapers, periodicals and books, net of trade discounts and returns	<b>201,590</b>	206,414
Advertising income, net of trade discounts	<b>496,859</b>	501,458
Travel and travel related services income	<b>392,088</b>	336,283
	<b><u>1,090,537</u></b>	<u>1,044,155</u>
Other revenues		
Rental and management fee income	<b>1,109</b>	1,381
Interest income	<b>3,171</b>	7,307
Dividend income	<b>25</b>	25
Commission income	<b>534</b>	1,451
	<b><u>4,839</u></b>	<u>10,164</u>
Total revenues	<b><u><u>1,095,376</u></u></b>	<u><u>1,054,319</u></u>

## Notes to the Accounts (Cont'd)

31st March 2003

**2 TURNOVER, REVENUES AND SEGMENT INFORMATION (Cont'd)**

An analysis of the Group's turnover and results for the year is as follows:

Business segments:

	Publishing 2003 HK\$'000	Travel and travel related services 2003 HK\$'000	Internet businesses (note) 2003 HK\$'000	Elimination 2003 HK\$'000	Group 2003 HK\$'000
Turnover					
External sales	685,962	383,217	21,358	–	1,090,537
Inter segment sales	–	6,250	–	(6,250)	–
	<u>685,962</u>	<u>389,467</u>	<u>21,358</u>	<u>(6,250)</u>	<u>1,090,537</u>
Segment results	<u>57,236</u>	<u>(1,816)</u>	<u>(858)</u>		54,562
Interest income					3,171
Unallocated expenses					<u>(3,947)</u>
Operating profit					53,786
Finance costs					(2,286)
Share of losses of associated companies					<u>(7,622)</u>
Profit before taxation					43,878
Taxation					<u>(12,847)</u>
Profit after taxation					31,031
Minority interests					<u>227</u>
Profit attributable to shareholders					<u><u>31,258</u></u>

## Notes to the Accounts (Cont'd)

31st March 2003

**2 TURNOVER, REVENUES AND SEGMENT INFORMATION (Cont'd)**

Business segments (Cont'd):

	<b>Publishing</b>	<b>Travel and travel related services</b>	<b>Internet businesses (note)</b>	<b>Elimination</b>	<b>Group</b>
	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>	<b>2003</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Segment assets	<b>580,726</b>	<b>21,731</b>	<b>60,880</b>	–	<b>663,337</b>
Interests in associated companies	<b>18,022</b>	–	–	–	<b>18,022</b>
Unallocated assets					<b>99,774</b>
Total assets					<b>781,133</b>
Segment liabilities	<b>134,945</b>	<b>13,655</b>	<b>798</b>	–	<b>149,398</b>
Unallocated liabilities					<b>24,297</b>
Total liabilities					<b>173,695</b>
Capital expenditure	<b>12,647</b>	<b>903</b>	<b>386</b>	–	<b>13,936</b>
Depreciation	<b>29,238</b>	<b>469</b>	<b>4,473</b>	–	<b>34,180</b>
Other non-cash expenses	<b>3,001</b>	<b>166</b>	<b>305</b>	–	<b>3,472</b>

## Notes to the Accounts (Cont'd)

31st March 2003

## 2 TURNOVER, REVENUES AND SEGMENT INFORMATION (Cont'd)

## Business segments (Cont'd):

	As restated Publishing 2002 HK\$'000	As restated Travel and travel related services 2002 HK\$'000	As restated Internet businesses (note) 2002 HK\$'000	Elimination 2002 HK\$'000	As restated Group 2002 HK\$'000
Turnover					
External sales	695,859	300,186	48,110	–	1,044,155
Inter segment sales	–	26,320	–	(26,320)	–
	<u>695,859</u>	<u>326,506</u>	<u>48,110</u>	<u>(26,320)</u>	<u>1,044,155</u>
Segment results	<u>28,775</u>	<u>(486)</u>	<u>(22,868)</u>		5,421
Interest income					7,307
Unallocated expenses					<u>(1,217)</u>
Operating profit					11,511
Finance costs					(6,954)
Share of losses of associated companies					<u>(5,840)</u>
Loss before taxation					(1,283)
Taxation					<u>(5,032)</u>
Loss after taxation					(6,315)
Minority interests					<u>2,383</u>
Loss attributable to shareholders					<u>(3,932)</u>

## Notes to the Accounts (Cont'd)

31st March 2003

## 2 TURNOVER, REVENUES AND SEGMENT INFORMATION (Cont'd)

## Business segments (Cont'd):

	As restated Publishing 2002 HK\$'000	As restated Travel and travel related services 2002 HK\$'000	Internet businesses (note) 2002 HK\$'000	Elimination 2002 HK\$'000	As restated Group 2002 HK\$'000
Segment assets	607,539	20,996	75,697	–	704,232
Interests in associated companies	12,893	–	–	–	12,893
Unallocated assets					<u>70,295</u>
Total assets					<u><u>787,420</u></u>
Segment liabilities	115,891	25,730	1,265	–	142,886
Unallocated liabilities					<u>47,598</u>
Total liabilities					<u><u>190,484</u></u>
Capital expenditure	12,050	640	402	–	13,092
Depreciation	31,680	722	3,102	–	35,504
Other non-cash expenses	4,417	174	221	–	4,812

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

## Notes to the Accounts (Cont'd)

31st March 2003

## 2 TURNOVER, REVENUES AND SEGMENT INFORMATION (Cont'd)

Geographical segments:

	Turnover 2003 HK\$'000	Segment results 2003 HK\$'000	Segment assets 2003 HK\$'000	Capital expenditure 2003 HK\$'000
Hong Kong	697,442	61,232	504,442	3,097
Canada	241,401	8,450	74,320	4,238
The United States of America	138,891	(10,530)	11,951	568
The Mainland China	12,803	(4,590)	72,624	6,033
	<u>1,090,537</u>	<u>54,562</u>	<u>663,337</u>	<u>13,936</u>
Interest income		3,171		
Unallocated expenses		(3,947)		
Operating profit		<u>53,786</u>		
Interests in associated companies			18,022	
Unallocated assets			99,774	
Total assets			<u>781,133</u>	

	Turnover 2002 HK\$'000	As restated Segment results 2002 HK\$'000	As restated Segment assets 2002 HK\$'000	Capital expenditure 2002 HK\$'000
Hong Kong	713,250	23,846	550,549	7,360
Canada	210,439	4,451	61,937	5,388
The United States of America	102,378	(18,535)	15,121	285
The Mainland China	18,088	(4,341)	76,625	59
	<u>1,044,155</u>	<u>5,421</u>	<u>704,232</u>	<u>13,092</u>
Interest income		7,307		
Unallocated expenses		(1,217)		
Operating profit		<u>11,511</u>		
Interests in associated companies			12,893	
Unallocated assets			70,295	
Total assets			<u>787,420</u>	

## Notes to the Accounts (Cont'd)

31st March 2003

**3 OPERATING PROFIT**

Operating profit is stated after crediting and charging the following:

	Group	
	2003 HK\$'000	2002 HK\$'000
<b>Crediting</b>		
Net exchange gain	<u>1,553</u>	<u>41</u>
<b>Charging</b>		
Auditors' remuneration		
Current year	1,640	1,671
Under/(over) provision in prior years	253	(386)
Cost of inventories sold	140,394	169,648
Depreciation		
Owned fixed assets	33,274	34,881
Leased fixed assets	906	623
Staff costs (including directors' emoluments) (note 9)	296,682	314,501
Operating lease expenses		
Land and buildings	6,415	5,656
Machineries	77	22
Provision for doubtful debts and bad debts written off	4,884	3,840
Loss on disposals of fixed assets	94	147
Unrealised losses on trading securities	<u>1,333</u>	<u>501</u>

**4 FINANCE COSTS**

	Group	
	2003 HK\$'000	2002 HK\$'000
Interest expenses on bank loans and overdrafts	1,978	6,458
Interest element of finance lease payments	<u>308</u>	<u>496</u>
	<u>2,286</u>	<u>6,954</u>

**5 TAXATION**

Hong Kong profits tax has been provided at the rate of 16% (2002: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

## Notes to the Accounts (Cont'd)

31st March 2003

**5 TAXATION (Cont'd)**

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

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Hong Kong profits tax		
Current year	<b>10,449</b>	2,413
(Over)/under provision in prior years	<b>(466)</b>	2,080
Overseas taxation		
Current year	<b>2,864</b>	703
Over-provision in prior years	–	(164)
	<b>12,847</b>	5,032

Deferred tax assets for the year have not been recognised in respect of the following:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Accelerated depreciation allowances	<b>2,250</b>	5,584
Tax losses	<b>1,633</b>	16,459
	<b>3,883</b>	22,043

**6 PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS**

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$819,000 (2002: a loss of HK\$128,795,000).

**7 DIVIDENDS**

	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Interim, paid, of HK2 cents (2002: HK2 cents) per ordinary share	<b>7,847</b>	7,847
Final, proposed, of HK3 cents (2002: HK2 cents) per ordinary share	<b>11,770</b>	7,847
	<b>19,617</b>	15,694

## Notes to the Accounts (Cont'd)

31st March 2003

**8 EARNINGS/(LOSS) PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to shareholders for the year of HK\$31,258,000 (2002: loss attributable to shareholders of HK\$3,932,000, as restated) and the weighted average of 392,345,000 shares (2002: 392,345,000 shares) in issue during the year.

No diluted earnings/(loss) per share is presented as the exercise of the outstanding share options of the Company would have an anti-dilutive effect for both of the years ended 31st March 2003 and 2002.

**9 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)**

	Group	
	2003 HK\$'000	2002 HK\$'000
Wages and salaries	267,643	290,077
Unutilised annual leave	4,380	–
Pension costs – defined contribution plans	6,594	6,964
Pension costs – defined benefits plans ( <i>note 14</i> )	299	352
Other staff cost	17,766	17,108
	<u>296,682</u>	<u>314,501</u>

**10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS**

- (a) The aggregate amounts of the emoluments payable to directors of the Company during the year are as follows:

	Group	
	2003 HK\$'000	2002 HK\$'000
Directors' fees	240	240
Other emoluments		
Basic salaries, housing allowances, other allowances and benefits in kind	1,769	1,924
Contributions to pension scheme for directors	93	93
	<u>2,102</u>	<u>2,257</u>

Directors' fees disclosed above were paid to independent non-executive directors.

- (b) During the year no options (2002: 1,200,000 options) were granted to the directors under the Share Option Scheme ("the Scheme") approved by the shareholders at the Special General Meeting held on 21st August 2001. Details of the movements of the said share options during the year are disclosed under "Share Option Scheme" in the Directors' Report.

## Notes to the Accounts (Cont'd)

31st March 2003

**10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Cont'd)**

(c) The emoluments of the directors fell within the following bands:

Emolument bands	Number of directors	
	2003	2002
From HK\$Nil to HK\$1,000,000	5	5
From HK\$1,000,001 to HK\$1,500,000	–	–
From HK\$1,500,001 to HK\$2,000,000	1	–
From HK\$2,000,001 to HK\$2,500,000	–	1
	<u>5</u>	<u>6</u>

No directors waived any emoluments in respect of the years ended 31st March 2003 and 2002.

(d) The five individuals whose emoluments were the highest in the Group for the year include an executive director whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining four (2002: four) individuals during the year are as follows:

	2003 HK\$'000	2002 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	5,703	6,565
Contributions to pension scheme	273	290
	<u>5,976</u>	<u>6,855</u>

The emoluments of the four individuals fell within the following bands:

Emolument bands	Number of individuals	
	2003	2002
From HK\$1,000,001 to HK\$1,500,000	3	–
From HK\$1,500,001 to HK\$2,000,000	1	4
	<u>4</u>	<u>4</u>

## Notes to the Accounts (Cont'd)

31st March 2003

## 11 FIXED ASSETS

	Group							Total
	Other properties							
	Freehold land and buildings outside Hong Kong	Land and buildings held on long term leases outside Hong Kong	Land and buildings held on medium term leases in Hong Kong	Land and buildings held on medium term leases outside Hong Kong	Leasehold improve- ments, furniture, fixtures and office equipment	Machinery and printing equipment	Motor vehicles	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation								
At 1st April 2002	18,553	7,067	282,638	35,346	111,698	186,547	4,904	646,753
Additions	-	-	-	-	4,949	8,702	285	13,936
Exchange adjustment	1,105	-	-	-	1,944	2,091	24	5,164
Disposals	-	-	-	-	(3,873)	(184)	(373)	(4,430)
At 31st March 2003	19,658	7,067	282,638	35,346	114,718	197,156	4,840	661,423
Accumulated depreciation								
At 1st April 2002	1,181	685	46,702	4,996	88,160	125,954	4,049	271,727
Charge for the year	200	105	7,797	768	13,103	11,819	388	34,180
Exchange adjustment	130	-	-	-	1,814	1,261	24	3,229
Disposals	-	-	-	-	(3,758)	(179)	(373)	(4,310)
At 31st March 2003	1,511	790	54,499	5,764	99,319	138,855	4,088	304,826
Net book value								
At 31st March 2003	18,147	6,277	228,139	29,582	15,399	58,301	752	356,597
At 31st March 2002	17,372	6,382	235,936	30,350	23,538	60,593	855	375,026

## Notes to the Accounts (Cont'd)

31st March 2003

## 11 FIXED ASSETS (Cont'd)

The analyses of the cost or valuation of the above assets at 31st March 2003 and 31st March 2002 are as follows:

	Group							Total
	Other properties							
	Freehold land and buildings outside Hong Kong	Land and buildings held on long term leases outside Hong Kong	Land and buildings held on medium term leases in Hong Kong	Land and buildings held on medium term leases outside Hong Kong	Leasehold improve- ments, furniture, fixtures and office equipment	Machinery and printing equipment	Motor vehicles	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At cost	1,650	–	7,014	–	114,718	197,156	4,840	325,378
At professional valuation in 1995	18,008	7,067	275,624	35,346	–	–	–	336,045
At 31st March 2003	<u>19,658</u>	<u>7,067</u>	<u>282,638</u>	<u>35,346</u>	<u>114,718</u>	<u>197,156</u>	<u>4,840</u>	<u>661,423</u>
At cost	545	–	7,014	–	111,698	186,547	4,904	310,708
At professional valuation in 1995	18,008	7,067	275,624	35,346	–	–	–	336,045
At 31st March 2002	<u>18,553</u>	<u>7,067</u>	<u>282,638</u>	<u>35,346</u>	<u>111,698</u>	<u>186,547</u>	<u>4,904</u>	<u>646,753</u>

- (a) The freehold and leasehold land and buildings stated at professional valuation in 1995 were revalued by Vigers Hong Kong Limited and Royal LePage Appraisal & Consulting Services, independent international property consultants, on an open market value basis at 30th September 1995.
- (b) The carrying values of machines purchased under finance leases are HK\$12,061,000 (2002: HK\$10,875,000).
- (c) The carrying amounts of other properties would have been HK\$171,241,000 (2002: HK\$176,831,000) had they been stated at cost less accumulated depreciation.
- (d) Certain fixed assets were pledged as securities for the Group's banking facilities. The details are set out in note 24 to the accounts.

## Notes to the Accounts (Cont'd)

31st March 2003

## 12 INTERESTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Unlisted shares, at cost	<b>745,171</b>	745,171
Less: Provision for impairment	<b>(280,700)</b>	(280,700)
	<b>464,471</b>	464,471
Amounts due from subsidiaries ( <i>note</i> )		
Interest-free	<b>453,895</b>	453,868
Interest-bearing	<b>153,152</b>	229,085
	<b>1,071,518</b>	1,147,424

*Note:* The amounts due from subsidiaries are unsecured and not repayable within the next twelve months.

Details of the Company's principal subsidiaries are set out in note 30 to the accounts.

## 13 INTERESTS IN ASSOCIATED COMPANIES

		<b>Group</b>	
	<i>Notes</i>	<b>2003</b>	2002
		<b>HK\$'000</b>	HK\$'000
Share of net liabilities other than goodwill	<i>(a)</i>	<b>(13,462)</b>	(5,840)
Amount due from an associated company	<i>(b)</i>	<b>31,484</b>	18,733
		<b>18,022</b>	12,893

## Notes to the Accounts (Cont'd)

31st March 2003

**13 INTERESTS IN ASSOCIATED COMPANIES (Cont'd)**

(a) The following is a list of the Group's associated companies at 31st March 2003:

Name	Place of incorporation and operation	Effective equity interest %	Particulars of issued share capital/ registered capital	Principal activities
Yazhou Zhoukan Holdings Limited	British Virgin Islands	49.72	10,000 ordinary shares of HK\$1 each	Investment holding
Yazhou Zhoukan Limited	Hong Kong	49.72	9,500 ordinary shares of HK\$1 each	Magazine publishing
亞週股份有限公司	Taiwan	49.72	500,000 ordinary shares of NT\$10 each	Magazine distributing

The above associated companies have 31st December as their financial accounting year end date, which is not coterminous with that of the Group. The results of these associated companies have been equity accounted for based on their audited accounts for the year ended 31st December 2002.

(b) The amount due from an associated company is unsecured, not repayable within the next twelve months and interest-bearing, except for an amount of HK\$4,500,000 which is interest-free.

**14 PENSIONS AND OTHER POST RETIREMENT ASSETS**

The Group operates a number of staff retirement schemes which include a hybrid retirement benefit scheme ("the Scheme") for its employees in Hong Kong.

(a) The Scheme has three categories of members: Regular Member, Special Member and Defined Benefit ("DB") Member.

Regular Member – defined contribution type of benefits based on accumulated contributions and investment gains and losses thereon.

Special Member – benefits based on final salary and service period or accumulated employer's contributions with credited investment gains and losses, whichever is higher.

DB Member – benefits based on final salary and service period only.

Members are also required to contribute monthly at 5% of their basic monthly salaries to the Scheme. The accumulated members' contributions with investment gains and losses will be paid to the members upon their leaving the employment in addition to the benefits described above.

## Notes to the Accounts (Cont'd)

31st March 2003

**14 PENSIONS AND OTHER POST RETIREMENT ASSETS (Cont'd)**

## (b) Defined benefit scheme for Special Member and DB Member

With effect from 1st April 2002, the Group has adopted SSAP 34 (revised) whereby pension costs are assessed using the projected unit credit method. The pension costs are charged to the profit and loss account so as to spread the regular pension costs over the service lives of employees. A full valuation of the defined benefit scheme based on the projected unit credit method has been carried out by Watson Wyatt Hong Kong Limited, an independent qualified actuary, and the pension costs are charged to the profit and loss account in accordance with its advice.

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Defined benefit plan's assets	<b>14,286</b>	13,498

The amounts recognised in the balance sheet are determined as follows:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Fair value of plan assets	<b>24,070</b>	28,221
Present value of funded obligations	<b>(15,998)</b>	(14,723)
	<b>8,072</b>	13,498
Unrecognised actuarial losses	<b>6,214</b>	–
Assets in the balance sheet	<b>14,286</b>	13,498

The limit of assets to be recognised is disclosed as follows:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Cumulative unrecognised net actuarial losses and past service costs	<b>6,214</b>	–
Present value of available future refunds or reductions in future contributions	<b>8,072</b>	13,498
	<b>14,286</b>	13,498

## Notes to the Accounts (Cont'd)

31st March 2003

**14 PENSIONS AND OTHER POST RETIREMENT ASSETS (Cont'd)**

The amounts recognised in the profit and loss account were as follows:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Current service cost	<b>(1,283)</b>	(1,283)
Interest cost	<b>(1,018)</b>	(890)
Expected return on plan assets	<b>2,002</b>	1,821
	<hr/>	<hr/>
Total pension costs, included in staff costs (note 9)	<b>(299)</b>	(352)
	<hr/> <hr/>	<hr/> <hr/>

The actual return on plan assets recognised as an asset was HK\$3,483,000 (2002: HK\$452,000).

Movements in the assets recognised in the balance sheet:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
At 1st April	<b>13,498</b>	12,695
Total pension costs – as shown above	<b>(299)</b>	(352)
Contributions paid	<b>1,087</b>	1,155
	<hr/>	<hr/>
At 31st March	<b>14,286</b>	13,498
	<hr/> <hr/>	<hr/> <hr/>

The principal actuarial assumptions used were as follows:

	<b>Group</b>	
	<b>2003</b>	2002
	%	%
Discount rate	<b>5.5</b>	7.0
Expected rate of return on plan assets	<b>7.0</b>	7.0
Expected rate of future salary increases	<b>4.0</b>	5.0
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Accounts (Cont'd)

31st March 2003

## 15 INVENTORIES

	Group	
	2003 HK\$'000	2002 HK\$'000
Raw materials	50,678	51,761
Finished goods	3,138	4,399
	<u>53,816</u>	<u>56,160</u>

At 31st March 2003, the carrying amounts of inventories that are carried at net realisable value amounted to HK\$1,372,000 (2002: HK\$1,594,000).

## 16 TRADING SECURITIES

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Listed investments in Hong Kong, at market value	<u>1,527</u>	<u>2,860</u>	<u>1,527</u>	<u>2,860</u>

## 17 ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Accounts receivable (note)	132,892	136,482	–	–
Deposits and prepayments	23,946	28,637	207	3,028
	<u>156,838</u>	<u>165,119</u>	<u>207</u>	<u>3,028</u>

Note: The Group allows in general a credit period of up to 90 days to its trade customers. At 31st March 2003, the ageing analysis of the Group's accounts receivable is as follows:

	Group	
	2003 HK\$'000	2002 HK\$'000
0 to 60 days	80,994	79,019
61 to 120 days	38,869	41,070
121 to 180 days	10,811	11,835
Over 180 days	2,218	4,558
	<u>132,892</u>	<u>136,482</u>

## Notes to the Accounts (Cont'd)

31st March 2003

**18 BANK BALANCES AND CASH**

- (a) Included in the bank balances and cash of the Group are cash and bank deposits denominated in Renminbi placed with banks in The Mainland China amounting to HK\$13,487,000 (2002: HK\$20,359,000).
- (b) Included in the bank balances were bank deposits of HK\$2,213,000 (2002:HK\$1,377,000) which were pledged to certain banks at 31st March 2003.

**19 ACCOUNTS PAYABLE AND ACCRUED CHARGES**

	Group		Company	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Accounts payable ( <i>note</i> )	<b>44,873</b>	54,741	–	–
Accrued charges	<b>56,005</b>	37,746	<b>3,549</b>	4,010
Subscriptions received in advance	<b>11,450</b>	10,831	–	–
	<b>112,328</b>	103,318	<b>3,549</b>	4,010

Note: At 31st March 2003 the ageing analysis of the Group's accounts payable is as follows:

	Group	
	2003 HK\$'000	2002 HK\$'000
0 to 60 days	<b>42,736</b>	49,671
61 to 120 days	<b>1,416</b>	3,175
121 to 180 days	<b>568</b>	1,378
Over 180 days	<b>153</b>	517
	<b>44,873</b>	54,741

## Notes to the Accounts (Cont'd)

31st March 2003

**20 SHARE CAPITAL**

	<b>Authorised ordinary shares of HK\$0.10 each</b>	
	<b>No. of shares</b>	<b>HK\$'000</b>
At 31st March 2002 and 2003	<u>500,000,000</u>	<u>50,000</u>

	<b>Issued and fully paid ordinary shares of HK\$0.10 each</b>	
	<b>No. of shares</b>	<b>HK\$'000</b>
At 31st March 2002 and 2003	<u>392,345,000</u>	<u>39,234</u>

At the Special General Meeting of the Company held on 21st August 2001, a Share Option Scheme ("the Scheme") was approved and adopted. Pursuant to the Scheme, options to subscribe for 5,475,000 ordinary shares at HK\$1.592 per share of the Company were granted during the financial year ended 31st March 2002. At 31st March 2003 there were 5,475,000 options outstanding which are exercisable at any time prior to 20th August 2011.

## Notes to the Accounts (Cont'd)

31st March 2003

## 21 RESERVES

	Group							Total HK\$'000
	Share premium account HK\$'000	Property revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Difference arising on consolidation HK\$'000	Reserve arising on consolidation HK\$'000	Accumulated losses HK\$'000	
At 1st April 2001, as previously reported	589,765	145,096	356	(86)	(22,400)	1,878	(123,427)	591,182
Effect of adopting SSAP 34 (revised)	-	-	-	-	-	-	12,695	12,695
At 1st April 2001, as restated	589,765	145,096	356	(86)	(22,400)	1,878	(110,732)	603,877
Loss attributable to shareholders, as previously reported	-	-	-	-	-	-	(4,735)	(4,735)
Effect of adopting SSAP 34 (revised)	-	-	-	-	-	-	803	803
Loss attributable to shareholders, as restated	-	-	-	-	-	-	(3,932)	(3,932)
Exchange adjustment	-	-	-	(152)	-	-	-	(152)
2001 special dividend paid	-	-	-	-	-	-	(31,388)	(31,388)
2001 final dividend paid	-	-	-	-	-	-	(11,770)	(11,770)
2002 interim dividend paid (note 7)	-	-	-	-	-	-	(7,847)	(7,847)
At 31st March 2002	<u>589,765</u>	<u>145,096</u>	<u>356</u>	<u>(238)</u>	<u>(22,400)</u>	<u>1,878</u>	<u>(165,669)</u>	<u>548,788</u>
Representing:								
2002 final dividend proposed (note 7)							7,847	
Others							(173,516)	
							<u>(165,669)</u>	
Company and subsidiaries	589,765	145,096	356	(238)	(22,400)	1,878	(159,824)	554,633
Associated companies	-	-	-	-	-	-	(5,845)	(5,845)
At 31st March 2002	<u>589,765</u>	<u>145,096</u>	<u>356</u>	<u>(238)</u>	<u>(22,400)</u>	<u>1,878</u>	<u>(165,669)</u>	<u>548,788</u>

## Notes to the Accounts (Cont'd)

31st March 2003

## 21 RESERVES (Cont'd)

	Group							Total HK\$'000
	Share premium account HK\$'000	Property revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Difference arising on consolidation HK\$'000	Reserve arising on consolidation HK\$'000	Accumulated losses HK\$'000	
At 1st April 2002, as previously reported	589,765	145,096	356	(238)	(22,400)	1,878	(179,167)	535,290
Effect of adopting SSAP 34 (revised)	-	-	-	-	-	-	13,498	13,498
At 1st April 2002, as restated	589,765	145,096	356	(238)	(22,400)	1,878	(165,669)	548,788
Profit attributable to shareholders	-	-	-	-	-	-	31,258	31,258
Adjustment on goodwill (note)	-	-	-	-	-	1,704	-	1,704
Exchange adjustment	-	-	-	543	-	-	-	543
2002 final dividend paid (note 7)	-	-	-	-	-	-	(7,847)	(7,847)
2003 interim dividend paid (note 7)	-	-	-	-	-	-	(7,847)	(7,847)
At 31st March 2003	<u>589,765</u>	<u>145,096</u>	<u>356</u>	<u>305</u>	<u>(22,400)</u>	<u>3,582</u>	<u>(150,105)</u>	<u>566,599</u>
Representing:								
2003 final dividend proposed (note 7)							11,770	
Others							(161,875)	
							<u>(150,105)</u>	
Company and subsidiaries	589,765	145,096	356	305	(22,400)	3,582	(136,638)	580,066
Associated companies	-	-	-	-	-	-	(13,467)	(13,467)
At 31st March 2003	<u>589,765</u>	<u>145,096</u>	<u>356</u>	<u>305</u>	<u>(22,400)</u>	<u>3,582</u>	<u>(150,105)</u>	<u>566,599</u>

Note: Adjustment on goodwill is arising from a price adjustment on the purchase consideration paid for the acquisition of a subsidiary in the previous year. The goodwill arising from the acquisition has been written off against reserves in prior year. The Group has taken advantage of the transitional provision 1(a) in SSAP 30 and goodwill previously written off against reserves has not been restated.

## Notes to the Accounts (Cont'd)

31st March 2003

## 21 RESERVES (Cont'd)

	Company				
	Share	Capital Contributed	surplus	Retained	Total
	premium redemption	reserve			
account	account	account	account	account	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2001, as restated	589,765	356	200,379	524,558	1,315,058
Loss attributable to shareholders	–	–	–	(128,795)	(128,795)
2001 special dividend paid	–	–	–	(31,388)	(31,388)
2001 final dividend paid	–	–	–	(11,770)	(11,770)
2002 interim dividend paid ( <i>note 7</i> )	–	–	–	(7,847)	(7,847)
	<u>589,765</u>	<u>356</u>	<u>200,379</u>	<u>344,758</u>	<u>1,135,258</u>
At 31st March 2002					
Representing:					
2002 final dividend proposed ( <i>note 7</i> )				7,847	
Others				336,911	
				<u>344,758</u>	
At 1st April 2002	589,765	356	200,379	344,758	1,135,258
Profit attributable to shareholders	–	–	–	819	819
2002 final dividend paid ( <i>note 7</i> )	–	–	–	(7,847)	(7,847)
2003 interim dividend paid ( <i>note 7</i> )	–	–	–	(7,847)	(7,847)
	<u>589,765</u>	<u>356</u>	<u>200,379</u>	<u>329,883</u>	<u>1,120,383</u>
At 31st March 2003					
Representing:					
2003 final dividend proposed ( <i>note 7</i> )				11,770	
Others				318,113	
				<u>329,883</u>	

The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired, and represented the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act of 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders. At Group's level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.

## Notes to the Accounts (Cont'd)

31st March 2003

**22 LONG-TERM LIABILITIES**

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Bank loans, secured		
Not wholly repayable within five years	<b>4,685</b>	4,782
Obligations under finance leases		
Wholly repayable within five years	<b>7,457</b>	8,328
	<b>12,142</b>	13,110
Current portion of long-term liabilities	<b>(3,807)</b>	(3,137)
	<b>8,335</b>	9,973

At 31st March 2003, the Group's bank loans, secured and not wholly repayable within five years, were repayable as follows:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Bank loans, secured		
Within one year	<b>448</b>	417
In the second year	<b>448</b>	417
In the third to fifth year	<b>1,344</b>	1,252
After the fifth year	<b>2,445</b>	2,696
	<b>4,685</b>	4,782

## Notes to the Accounts (Cont'd)

31st March 2003

**22 LONG-TERM LIABILITIES (Cont'd)**

At 31st March 2003, the Group's finance lease liabilities were repayable as follows:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Finance lease liabilities minimum lease payments		
Within one year	<b>3,727</b>	3,140
In the second year	<b>1,866</b>	3,074
In the third to fifth year	<b>2,570</b>	3,086
	<hr/>	<hr/>
	<b>8,163</b>	9,300
Future finance charges on finance leases	<b>(706)</b>	(972)
	<hr/>	<hr/>
Present value of finance lease liabilities	<b>7,457</b>	8,328
	<hr/> <hr/>	<hr/> <hr/>
The present value of finance lease liabilities was repayable as follows:		
Within one year	<b>3,359</b>	2,720
In the second year	<b>1,647</b>	2,784
In the third to fifth year	<b>2,451</b>	2,824
	<hr/>	<hr/>
	<b>7,457</b>	8,328
	<hr/> <hr/>	<hr/> <hr/>



## Notes to the Accounts (Cont'd)

31st March 2003

**23 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Cont'd)**

- (c) Major non-cash transactions
- (i) During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$1,739,000 (2002: HK\$2,983,000).
- (ii) An amount of HK\$1,703,000 included in accounts payable and accrued charges was waived by a creditor in respect of a price adjustment on the purchase consideration paid for the acquisition of a subsidiary in the previous year.

**24 BANKING FACILITIES AND PLEDGE OF ASSETS**

At 31st March 2003, the Group's banking facilities were secured by the following:

- (a) certain machinery and printing equipment with net book value of HK\$20,154,000 at 31st March 2003;
- (b) first legal charges on certain of the Group's freehold and leasehold land and buildings with an aggregate carrying value of HK\$275,663,000 at 31st March 2003 and assignment of rental income derived therefrom;
- (c) first legal charges on the Group's publishing titles;
- (d) general security agreements under which all the assets of certain subsidiaries with net book value of HK\$77,052,000 at 31st March 2003 (including HK\$17,064,000 attributable to freehold properties disclosed under note (b) above) were pledged to certain banks;
- (e) certain bank deposits of a subsidiary totalling HK\$2,213,000 at 31st March 2003; and
- (f) corporate guarantees issued by the Company.

**25 DEFERRED TAXATION**

The potential deferred taxation assets/ (liabilities) not recognised/ (provided for) in the accounts amounted to:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Accelerated depreciation allowances	<b>(4,228)</b>	(6,478)
Tax losses	<b>41,566</b>	39,933
	<b>37,338</b>	33,455

## Notes to the Accounts (Cont'd)

31st March 2003

**25 DEFERRED TAXATION (Cont'd)**

- (a) Potential deferred tax assets and liabilities have not been recognised in the accounts as it is uncertain whether these amounts will crystallise in the foreseeable future.
- (b) The revaluation of the Group's properties does not constitute a timing difference for deferred taxation purposes as realisation of the revaluation surplus would not result in a taxation liability.

**26 OPERATING LEASE COMMITMENTS**

At 31st March 2003, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>4,652</b>	6,528
Later than one year and not later than five years	<b>3,615</b>	4,253
Later than five years	<b>9</b>	–
	<b>8,276</b>	10,781

**27 CONTINGENT LIABILITIES**

At 31st March 2003, the Company had contingent liabilities in respect of guarantees issued in favour of certain of its subsidiaries totalling HK\$127,015,000 (2002: HK\$149,747,000) in connection with general banking facilities granted to those subsidiaries. At 31st March 2003, total facilities utilised amounted to HK\$37,253,000 (2002: HK\$43,167,000).

**28 ULTIMATE HOLDING COMPANY**

The directors regard Conch Company Limited, a company incorporated in British Virgin Islands, as being the ultimate holding company.

**29 APPROVAL OF ACCOUNTS**

The accounts were approved by the Board of Directors on 4th July 2003.

## Notes to the Accounts (Cont'd)

31st March 2003

**30 PARTICULARS OF PRINCIPAL SUBSIDIARIES**

- (a) Particulars of principal subsidiaries at 31st March 2003 that are incorporated in Hong Kong are as follows:

Name of subsidiary	Particulars of issued and fully paid share capital/ registered capital	Effective equity interest %	Principal activities
<i>Indirect subsidiaries:</i>			
Centricon Enterprises Limited	2 ordinary shares of HK\$1 each	100	Property investment
Charming Holidays Limited	1,000,000 ordinary shares of HK\$1 each	100	Provision of travel and travel related services
Charming Holidays (North America) Limited	2 ordinary shares of HK\$1 each	100	Investment holding
Charming Online Travel Limited	800,000 ordinary shares of HK\$1 each	98.89	Provision of travel and travel related services
Cheerlane Development Limited	2 ordinary shares of HK\$1 each	100	Property investment
Holgain Limited	2 ordinary shares of HK\$10 each	100	Property investment
Intelligent Printing Limited	2 ordinary shares of HK\$1 each	100	Investment holding
Intelligent Publications (China) Limited	1,000,000 ordinary shares of HK\$1 each	100	Investment holding
Kin Ming Printing Company Limited	100 ordinary shares of HK\$100 each	100	Provision of printing services
Lisport Company Limited	165,000 ordinary shares of HK\$10 each	100	Magazine publishing
Maribo Brief Limited	2 ordinary shares of HK\$1 each	100	Property investment
Ming Pao Holdings Limited	900 ordinary shares of HK\$1,000 each and 100 non-voting deferred shares of HK\$1,000 each	100	Investment holding

## Notes to the Accounts (Cont'd)

31st March 2003

## 30 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Cont'd)

Name of subsidiary	Particulars of issued and fully paid share capital/ registered capital	Effective equity interest %	Principal activities
<i>Indirect subsidiaries (Cont'd):</i>			
Ming Pao Magazines Limited	10 ordinary shares of HK\$1 each	100	Magazines publishing
Ming Pao Newspapers Limited	2 ordinary shares of HK\$1 each	100	Newspaper publishing
Ming Pao Publications Limited	10 ordinary shares of HK\$1 each	100	Books publishing
Mingpao.com Limited	2 ordinary shares of HK\$1 each	97.78	Internet related businesses
Perfect Gain Development Limited	2 ordinary shares of HK\$1 each	100	Property investment

(b) Particulars of principal subsidiaries at 31st March 2003 that are incorporated outside Hong Kong are as follows:

Name of subsidiary	Place of incorporation and operation	Particulars of issued and fully paid share capital/ registered capital	Effective equity interest %	Principal activities
<i>Direct subsidiary:</i>				
Ming Pao International Investment Limited	British Virgin Islands	10 ordinary shares of US\$1 each	100	Investment holding
<i>Indirect subsidiaries:</i>				
Delta Tour & Travel Services (Canada), Inc.	Canada	850,000 common shares at no par value for CAD\$530,000	100	Provision of travel and travel related services
Delta Tour & Travel Services, Inc.	The United States of America	461,500 common shares at no par value for US\$300,500	100	Provision of travel and travel related services

## Notes to the Accounts (Cont'd)

31st March 2003

## 30 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Cont'd)

Name of subsidiary	Place of incorporation and operation	Particulars of issued and fully paid share capital/ registered capital	Effective equity interest %	Principal activities
<i>Indirect subsidiaries (Cont'd):</i>				
Delta Tour & Travel Services (New York), Inc.	The United States of America	20 common shares at no par value for US\$10,000	100	Provision of travel and travel related services
First Collection Limited	British Virgin Islands	1 ordinary share of US\$1 each	100	Investment holding
Guangzhou Kin Ming Printing Limited*	The Mainland China	HK\$25,000,000	100	Provision of printing services
Ming Pao Finance Limited	British Virgin Islands	10 ordinary shares of US\$1 each	100	Publishing titles holding
Ming Pao Holdings (Canada) Limited	Canada	1 common share at no par value for CAD\$1	100	Investment holding
Ming Pao Newspapers (Canada) Limited	Canada	1,001 common shares at no par value for CAD\$11	100	Newspaper publishing
Ming Pao (New York) Inc.	The United States of America	1 common share of US\$1 each	100	Newspaper publishing
Mingpao.com Holdings Limited	Cayman Islands	717,735 ordinary shares of HK\$0.1 each	97.78	Investment holding

*Note:* All companies operate in their respective places of incorporation, except for Ming Pao International Investment Limited, Ming Pao Finance Limited, Mingpao.com Holdings Limited and First Collection Limited, which operate principally in Hong Kong.

\* The subsidiary was established in The Mainland China in the form of a wholly owned foreign enterprise. The subsidiary has a financial accounting year end of 31st December. The directors consider that the subsidiary's financial year could not be co-terminus with that of the Company for the reason of compliance with local regulations.

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the Group's results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.