

12. RELATED PARTY TRANSACTIONS

During the period, the Group paid legal fees amounting to approximately HK\$268,000 (six months ended 30.9.2002: HK\$777,000) to Messrs. lu, Lai & Li. Mr. Dominic LAI, an independent non-executive director of the Company, is a senior partner of Messrs. lu, Lai & Li. The transaction prices were considered by the Directors as estimated market value.

13. OUTSTANDING LITIGATIONS

At the balance sheet date, there were several outstanding unresolved litigations that were brought against the Group. All these cases were related to defamation. The Group intends to strongly contest the claims referred to in the above 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 adverse impact upon the Group's financial position.

14. CAPITAL COMMITMENT

	30.9.2003 HK\$'000	31.3.2003 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the financial statements	<u>174,016</u>	<u>320,520</u>

RESULTS

The unaudited profits of the Group for the six months ended 30 September 2003 ("Interim Results") amounted to HK\$205,572,000, representing an increase of approximately 2% over HK\$202,368,000 (as restated) for the same period of 2002.

INTERIM DIVIDEND

The Board declared an interim dividend of HK 3 cents per share (six months ended 30.9.2002: HK 3 cents), payable to the shareholders whose names appeared in the Register of Members of the Company on 8 January 2004. The interim dividend will be payable on 12 January 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 5 January 2004 to 8 January 2004, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend proposed, all transfers accompanied by the relevant certificates must be lodged with the Company's Share Registrar, Friendly Registrars Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration no later than 4:00 pm on 2 January 2004.

BUSINESS REVIEW

Generally, the Group has achieved promising results during the first half of the year. While many businesses suffered severely during the outbreak of the Severe Acute Respiratory Syndrome (SARS) in Hong Kong from April to June of this year, the Group still recorded better results as compared with the same period last year, which is very encouraging. Dampened by the historic weak spending desire during the outbreak of SARS, most advertisers immediately terminated promotion plans for their commodities. The Group's advertising income was thus significantly affected. In response to this difficult situation, the Group timely introduced preferential advertising packages and, on the other hand, consolidated certain teams and departments in order to achieve the effect of the policy of exploring new sources of income and retrenchment. As soon as SARS was under control in July of this year, the Group immediately diversified its income sources by introducing various new advertising and sales proposals. Advertising income was greatly enhanced, not only making up for the losses sustained during the SARS period, but also recording an increase in advertising income for August and September of 10% and 20% respectively as compared with the figures for the corresponding periods of the previous year. According to an analyst report prepared by a securities company on advertising expenditure during September in the local media market, before preferential discounts, the overall advertising expenditure has recorded a year-to-year growth of 15%. However, the respective advertising income of "Oriental Daily News" and "The Sun" has outnumbered such figure by recording a 27% and 18% growth, while "Apple Daily" and "Next Magazine" only reported an increase of 4% and 1% respectively, signifying that the Group's two newspapers enjoy a much stronger penetrating power over our competitors. In view of the growth in advertising volume of "Oriental Daily News" and "The Sun" at the present pace, we are confident that these two newspapers will be leading even more far ahead of competitors after the coming Christmas Holidays.