

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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 HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted, for the first time, Statement of Standard Accounting Practice ("SSAP") 12 (Revised) "Income taxes" under the Hong Kong Financial Reporting Standards (which is inclusive of SSAPs and Interpretations approved by the Hong Kong Society of Accountants). The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively.

Comparative amounts for 2003 have been restated accordingly. The opening retained profits at 1 April 2002 have been increased by HK\$17,580,000, which is the cumulative effect of the change in policy on the results for periods prior to 2003. The balance on the Group's properties revaluation reserve at 1 April 2002 has been reduced by HK\$21,453,000, representing the deferred tax liability recognised in respect of the revaluation surplus on the Group's properties at that date. The effect of the change is an increase in income tax expenses in the current year of HK\$385,000 (2003: a decrease of HK\$3,362,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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 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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

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 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 the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit before taxation as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Operating leases

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

4. TURNOVER

	2004 HK\$'000	2003 HK\$'000
Publication of newspapers	2,029,432	1,995,720
Property investment and building management	2,422	2,374
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	2,031,854	1,998,094

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group is primarily engaged in the publication of newspapers.

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

	2004 HK\$'000	2003 HK\$'000
Included in other operating income are:		
Interest earned on bank deposits	11,561	18,731
Sales of scrap materials	11,347	8,723
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7. PROFIT FROM OPERATIONS

	2004 HK\$'000	2003 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	1,000	1,000
Allowance for bad and doubtful debts	2,584	457
Net exchange loss	479	464
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

8. FINANCE COSTS

	2004 HK\$'000	2003 HK\$'000
Interest on bank loans wholly repayable within 5 years	<u>588</u>	<u>1,822</u>

9. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

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

	2004 HK\$'000	2003 HK\$'000
Fees		
Executive directors	150	150
Independent non-executive directors	<u>165</u>	<u>165</u>
	315	315
Salaries and other benefits		
Executive directors	<u>9,666</u>	<u>15,671</u>
	<u>9,981</u>	<u>15,986</u>

The emoluments of the directors are within the following bands:

	Number of directors	
	2004	2003
Nil – HK\$1,000,000	5	5
HK\$2,500,001 – HK\$3,000,000	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 2004

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

- (b) The emoluments of the top five individuals, including two (2003: two) executive directors of the Company, are as follows:

	2004 HK\$'000	2003 HK\$'000
Salaries and other benefits	<u>46,523</u>	<u>60,948</u>

Their emoluments are within the following bands:

	Number of individuals	
	2004	2003
HK\$ 2,500,001 – HK\$ 3,000,000	2	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

10. TAX EXPENSES

	2004 HK\$'000	2003 HK\$'000
Current tax:		
Hong Kong Profits Tax		
Current year	103,049	65,587
Overprovision in prior years	(686)	(3,285)
	<u>102,363</u>	<u>62,302</u>
Deferred taxation (note 21)		
Current year	(13,703)	(1,013)
Attributable to a change in tax rate in Hong Kong	–	7,606
	<u>88,660</u>	<u>68,895</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

10. TAX EXPENSES (*Continued*)

Hong Kong Profits Tax is calculated at 17.5% (2003: 16%) of the estimated assessable profit for the year. The Profits Tax rate has been increased with effect from the 2003/04 year of assessment.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2004 HK\$'000	%	2003 HK\$'000	%
Profit before taxation	<u>527,457</u>		<u>412,443</u>	
Tax at the domestic income tax rate of 17.5% (2003: 16%)	92,305	17.5	65,991	16.0
Tax effect of income that are not taxable in determining taxable profit	(3,492)	(0.6)	(2,698)	(0.6)
Tax effect of expenses that are not deductible in determining taxable profit	421	0.0	835	0.2
Tax effect of overprovision in prior year	(686)	(0.1)	(3,285)	(0.8)
Tax effect of utilisation of tax losses not previously recognised	(36)	0.0	(96)	0.0
Change in tax rate attributable to deferred tax liabilities brought forward from prior years	-	-	7,606	1.8
Others	<u>148</u>	<u>0.0</u>	<u>542</u>	<u>0.1</u>
 Tax expenses and effective tax rate for the year	 <u>88,660</u>	 <u>16.8</u>	 <u>68,895</u>	 <u>16.7</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

11. DIVIDENDS

	2004 HK\$'000	2003 HK\$'000
Interim dividend paid:		
2004: HK3 cents (2003: HK3 cents) per share	71,938	71,938
Final dividend paid:		
2003: HK7 cents (2002: HK7 cents) per share	167,854	167,854
Special dividend paid:		
2003: HK2 cents (2002: Nil) per share	47,958	-
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	287,750	239,792
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The final dividend of HK9 cents (2003: HK7 cents) per share and a special dividend of HK2 cents (2003: HK2 cents) 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\$438,797,000 (2003: HK\$343,548,000) and on 2,397,917,898 (2003: 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.

The adjustment to the comparative basic earnings per share, arising from the adoption of SSAP 12 (Revised) shown in note 2 above, is as follows:

	HK cents
Reconciliation of basic earnings per share for the year ended 31 March 2003	
Reported figure before adjustment	14.19
Adjustment arising from the adoption of SSAP 12 (Revised)	0.14
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As restated	14.33

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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 2003	600	358,400	187,767	979,584	237,286	18,423	1,782,060
Additions	-	-	302,707	3,440	2,207	4,316	312,670
Disposals	-	(5,400)	-	(69,100)	(2,734)	(7,508)	(84,742)
Surplus on revaluation	50	9,000	-	-	-	-	9,050
At 31 March 2004	650	362,000	490,474	913,924	236,759	15,231	2,019,038
Representing:							
At cost	-	-	490,474	913,924	236,759	15,231	1,656,388
At 2004 valuation	650	362,000	-	-	-	-	362,650
	650	362,000	490,474	913,924	236,759	15,231	2,019,038
DEPRECIATION AND IMPAIRMENT							
At 1 April 2003	-	-	-	368,000	195,397	15,174	578,571
Provided for the year	12	7,555	-	47,426	27,113	2,474	84,580
Eliminated on disposals	-	-	-	(28,063)	(2,611)	(7,111)	(37,785)
Eliminated on revaluation	(12)	(7,555)	-	-	-	-	(7,567)
At 31 March 2004	-	-	-	387,363	219,899	10,537	617,799
NET BOOK VALUES							
At 31 March 2004	650	362,000	490,474	526,561	16,860	4,694	1,401,239
At 31 March 2003	600	358,400	187,767	611,584	41,889	3,249	1,203,489

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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

	Motor vehicles HK\$'000
THE COMPANY	
AT COST	
At 1 April 2003	18,423
Additions	4,316
Disposals	<u>(7,508)</u>
At 31 March 2004	<u>15,231</u>
DEPRECIATION	
At 1 April 2003	15,174
Provided for the year	2,474
Eliminated on disposals	<u>(7,111)</u>
At 31 March 2004	<u>10,537</u>
NET BOOK VALUES	
At 31 March 2004	<u>4,694</u>
At 31 March 2003	<u>3,249</u>

The land and buildings of the Group in Hong Kong were revalued at 31 March 2004 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 approximately HK\$309,090,000 (2003: HK\$319,320,000).

Included in land and buildings of the Group are assets carried at carrying amount of HK\$6,210,980 (2003: HK\$5,912,375) being held for generating rental income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

14. CLUB MEMBERSHIP

	THE GROUP & THE COMPANY	
	2004	2003
	HK\$'000	HK\$'000
At cost	<u>4,745</u>	<u>4,745</u>

15. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2004	2003
	HK\$'000	HK\$'000
Unlisted shares, at cost	43,747	43,747
Advances to subsidiaries	<u>2,149,414</u>	<u>1,959,276</u>
	<u>2,193,161</u>	<u>2,003,023</u>
Impairment losses recognised	<u>(695)</u>	<u>(695)</u>
	<u>2,192,466</u>	<u>2,002,328</u>

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 of the balance sheet date and the amounts are therefore shown as non-current.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

15. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries of the Company at 31 March 2004 are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of ordinary shares held by the Company	Principal activity
		HK\$	
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 2004

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 debt securities subsisting at the end of the year or at any time during the year.

Indirectly held

16. INVENTORIES

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Newsprints and printing materials	96,856	91,735
Spare parts and supplies	17,740	15,807
Others	1,305	1,059
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	115,901	108,601
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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	
	2004	2003
	HK\$'000	HK\$'000
0 – 60 days	134,865	120,020
61 – 90 days	60,640	54,137
>90 days	87,207	65,584
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	282,712	239,741
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

18. TRADE PAYABLES

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

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
0–60 days	61,894	41,937
61–90 days	1,560	3,329
>90 days	7,389	10,505
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	70,843	55,771
	<hr/>	<hr/>

19. BANK BORROWINGS

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Secured bank loans	24,251	46,655
Trust receipts loans	–	12,058
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	24,251	58,713
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The maturities of the above bank borrowings

are as follows:

Within one year	22,404	34,462
More than one year, but not exceeding two years	1,847	22,404
More than two years, but not exceeding five years	–	1,847
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	24,251	58,713

Less: Amounts due within one year shown under
current liabilities

Amount due after one year

The bank loans are secured by a charge over certain printing equipment with an aggregate net book value of approximately HK\$135,000,000 (2003: HK\$144,000,000) at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

20. SHARE CAPITAL

	Number of shares 2004 & 2003	Share capital 2004 & 2003 HK\$'000
Ordinary shares of HK\$0.25 each		
Authorised:		
At beginning and end of the year	<u>5,000,000,000</u>	<u>1,250,000</u>
Issued and fully paid:		
At beginning and end of the year	<u>2,397,917,898</u>	<u>599,479</u>

21. DEFERRED TAXATION

The following are the components of the net deferred tax liabilities (assets) recognised by the Group and the Company and movements thereon during the year and prior reporting period.

THE GROUP

	Allowance for Accelerated tax depreciation HK\$'000	bad and doubtful debts HK\$'000	Revaluation of properties HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2002					
– as originally stated	98,715	–	–	–	98,715
– adjustment on adoption of SSAP 12 (Revised)	1,417	–	21,453	(18,997)	3,873
– as restated	100,132	–	21,453	(18,997)	102,588
Effect of change in tax rate					
– charged (credited) to income statement	9,387	–	–	(1,781)	7,606
– charged to equity	–	–	2,011	–	2,011
(Credited) charged to income statement	(17,440)	–	–	16,427	(1,013)
Credited to equity	–	–	(228)	–	(228)
At 31 March 2003	92,079	–	23,236	(4,351)	110,964
(Credited) charged to income statement	(15,678)	(2,124)	–	4,099	(13,703)
Charged to equity	–	–	2,014	–	2,014
At 31 March 2004	<u>76,401</u>	<u>(2,124)</u>	<u>25,250</u>	<u>(252)</u>	<u>99,275</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

21. DEFERRED TAXATION (Continued)

At the balance sheet date, the Group has unprovided deferred assets in respect of tax losses of approximately HK\$3,664,000 (2003: HK\$2,854,000) due to the unpredictability of the future profit streams.

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset in accordance with the conditions set out in SSAP 12 (Revised). The following is the analysis of the deferred tax balances for financial reporting purposes:

	2004 HK\$'000	2003 HK\$'000
Deferred tax liabilities	121,904	133,046
Deferred tax assets	(22,629)	(22,082)
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	99,275	110,964

THE COMPANY

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2002			
– as originally stated	–	–	–
– adjustment on adoption of SSAP 12 (Revised)	319	(2,908)	(2,589)
	<hr/>	<hr/>	<hr/>
– as restated	319	(2,908)	(2,589)
Effect of change in tax rate charged to income statement	30	(273)	(243)
(Credited) charged to income statement	(51)	2,026	1,975
	<hr/>	<hr/>	<hr/>
At 31 March 2003	298	(1,155)	(857)
Charged to income statement	300	1,155	1,455
	<hr/>	<hr/>	<hr/>
At 31 March 2004	598	–	598

The Company had no other significant unprovided deferred taxation for the year or at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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	
	2004 HK\$'000	2003 HK\$'000
Guarantees for banking facilities utilised by subsidiaries	118,679	80,363

23. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

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

	2004 HK\$'000	2003 HK\$'000
Premises	8,074	8,244

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:

	2004 HK\$'000	2003 HK\$'000
Within one year	3,834	7,894
In the second to fifth year inclusive	691	4,344
	4,525	12,238

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

23. COMMITMENTS (*Continued*)

(a) Operating lease commitments (*Continued*)

The Group as lessor

Property rental income earned during the year, net of negligible outgoings, was approximately HK\$2,422,000 (2003: HK\$2,362,000). The Group's properties held for rental purpose are expected to generate a yield of 5% on an ongoing basis.

At the balance sheet date, the Group had no contract with any tenants for future minimum lease payments (2003: future minimum lease payments receivable within one year of approximately HK\$1,969,000).

(b) Capital commitments

	THE GROUP	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the financial statements	120,106	320,520
	<hr/>	<hr/>
	THE COMPANY	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the financial statements	763	15,643
	<hr/>	<hr/>

24. RELATED PARTY TRANSACTIONS

During the year, the Group paid legal fees amounting to approximately HK\$916,000 (2003: HK\$1,459,000) 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 2004

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 of each staff 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\$21,481,000 (2003: HK\$23,109,000).

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.