

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2006, the Directors and the Chief Executive of the Company and their associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Listing Rules:

(a) Interests in the Company

The table below sets out the long positions in the shares and underlying shares of each Director and the Chief Executive of the Company:

Name of Director/ Chief Executive	Personal interests	Number of shares		Other interests	Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
		Family interests	Corporate interests				
1. Ordinary Shares							
Mr. Lai	793,902,535 (Note 5)	–	4,692,400	64,538,230	920,000,000 (Note 1)	1,783,133,165	119.53 (Note 4)
Mr. Ting Ka Yu, Stephen	90,314	–	–	–	1,618,000 (Note 2)	1,708,314	0.11
Mr. Ip Yut Kin	9,432,377	2,540,000	–	–	–	11,972,377	0.80
Mr. Tung Chuen Cheuk	3,472,800	30,000	–	–	3,000,000 (Note 2)	6,502,800	0.44
Mr. Yeh V-Nee	300,000	–	–	–	–	300,000	0.02
Mr. Fok Kwong Hang, Terry	1,500,000	–	–	–	–	1,500,000	0.10
2. Preference Shares							
Mr. Lai	920,000,000 (Note 1)	–	–	–	–	920,000,000	100.00

(b) Interests in Associated Corporations

The table below sets out the long positions in underlying shares of the Company's associated corporations (within the meaning of Part XV of the SFO) of each Director and the Chief Executive of the Company:

Apple Daily Publication Development Limited

Name of Director/ Chief Executive	Personal interests	Number of shares		Other interests	Interests in underlying shares/equity derivatives	Total shares	Percentage of issued share capital
		Family interests	Corporate interests				
Ordinary Shares							
Mr. Ting Ka Yu, Stephen	–	–	–	–	100,000 (Note 3)	100,000	1.00
Mr. Ip Yut Kin	–	–	–	–	200,000 (Note 3)	200,000	2.00
Mr. Tung Chuen Cheuk	–	–	–	–	50,000 (Note 3)	50,000	0.50

Notes:

- (1) These interests represented the 2% convertible non-voting non-cumulative preference shares of HK\$1.75 each (the "Preference Shares") held by Mr. Lai which are convertible into fully paid ordinary shares of HK\$1.00 each ("Ordinary Shares") at the conversion price of HK\$1.75 per new Ordinary Share during a period of five years from 26 October 2001. On 5 October 2006, Mr. Lai converted 920,000,000 Preference Shares into 920,000,000 new Ordinary Shares at the conversion price of HK\$1.75 per new Ordinary Share (the "Conversion"). As a result of the Conversion, the total number of issued Ordinary Shares has increased to 2,411,828,881, and Mr. Lai's shareholding in the Company has increased to 73.93% of the issued Ordinary Share capital of the Company as enlarged by the Conversion.
- (2) These interests represented the share options granted by the Company to these Directors as beneficial owners, the details of which are set out in the section headed "Share Options".
- (3) These interests represented the share options granted by Apple Daily Publication Development Limited to these Directors as beneficial owners, the details of which are set out in the section headed "Share Options".
- (4) This percentage figure is calculated on the assumption that upon the conversion of 920,000,000 Preference Shares into 920,000,000 Ordinary Shares by Mr. Lai, his ordinary shareholding would be increased to 1,783,133,165 Ordinary Shares, representing approximately 119.53% of the total issued Ordinary Share capital of 1,491,828,881 Ordinary Shares as at 30 September 2006.
- (5) On 20 September 2006, Mr. Lai entered into a placing agreement with CLSA Limited in respect of the placement of 180,000,000 Ordinary Shares (the "Placing Shares") to independent investors at a placing price of not less than HK\$4.15 per Placing Share.

Save as disclosed above and in the section headed “Disclosable Interests and Short Positions of Shareholders under the SFO” below, none of the Directors and the Chief Executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2006.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 September 2006, the following persons (other than a person who is a Director or the Chief Executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Number of shares/ underlying shares held	Percentage of issued share capital
Li Wan Kam, Teresa	1,783,133,165 (Note)	119.53
Marathon Asset Management Ltd.	86,511,359	5.80

Note: These represent the same total number of shares held by Mr. Lai as disclosed in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures”. Ms. Li Wan Kam, Teresa, is the spouse of Mr. Lai and is deemed to be interested in these shares.

Save as disclosed above, the Company had not been notified of any other person (other than Directors or the Chief Executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 September 2006.

SHARE OPTIONS

(a) Share Option Scheme of the Company

The share option scheme of the Company was adopted on 29 December 2000 (the “2000 Share Option Scheme”) and it was subsequently amended on 31 July 2002 to comply with the requirements under Chapter 17 of the Listing Rules.

The table below sets out movements in the share options granted under the 2000 Share Option Scheme during the period:

2000 Share Option Scheme

Name or category of participant	No. of options as at 01/04/06	Date of grant	Exercise price per share	Exercisable period	No. of options granted during the period	No. of options exercised during the period	No. of options lapsed during the period	Outstanding as at 30/09/06
Directors								
Ting Ka Yu, Stephen	1,618,000	18/03/2002	HK\$1.67	19/03/2003-28/12/2010	-	-	-	1,618,000
Tung Chuen Cheuk	3,000,000	18/01/2006	HK\$3.75	19/01/2007-28/12/2010	-	-	-	3,000,000
Employees								
In aggregate	1,973,600	18/03/2002	HK\$1.67	19/03/2003-28/12/2010	-	185,600	-	1,788,000
	1,000,000	24/08/2005	HK\$3.325	25/08/2006-28/12/2010	-	-	-	1,000,000
	6,100,000	18/01/2006	HK\$3.75	19/01/2007-28/12/2010	-	-	-	6,100,000
	1,000,000	01/03/2006	HK\$4.35	02/03/2007-28/12/2010	-	-	-	1,000,000
	-	26/06/2006	HK\$4.20	27/06/2007-28/12/2010	1,000,000	-	-	1,000,000
Total outstanding								15,506,000

Note: The weighted average closing price immediately before the dates on which the options were exercised was HK\$4.30.

The options granted under the 2000 Share Option Scheme (except those options granted on 1 March 2006) vest as follows:

On 1st anniversary of the date of grant	30% vested
On 2nd anniversary of the date of grant	further 30% vested
On 3rd anniversary of the date of grant	remaining 40% vested

The options granted under the 2000 Share Option Scheme on 1 March 2006 vest as follows:

On 1st anniversary of the date of grant	20% vested
On 2nd anniversary of the date of grant	further 20% vested
On 3rd anniversary of the date of grant	further 20% vested
On 4th anniversary of the date of grant	further 20% vested
The seven-month period after the 4th anniversary of the date of grant and before the expiry of the 2000 Share Option Scheme	remaining 20% vested

No options lapsed or were cancelled during the period.

The Company has used the Binomial Model for assessing the fair value of the share option granted during the six months ended 30 September 2006. It is an appropriate model to estimate the fair value of an option that can be exercised before the expiry of the option period. The assumptions in the calculation are:

- Risk Free Rate – 4.65% per annum
- Expected Volatility – 40% per annum
- Expected Dividend Yield – 2% per annum
- Sub-Optimal Early Exercise Factor – 1.5 times
- Expected Rate of Post Vesting Withdrawal – 5% per annum

According to the Binomial Model, the value of the option granted on 26 June 2006 was HK\$1,276,000. This amount is recognized in the consolidated income statement for the six months ended 30 September 2006 in respect of the value of the option granted during the period. For details, please refer to note 9 to the Condensed Consolidated Financial Statements.

In calculating the fair value of the option, no allowance has been made for forfeiture prior to vesting. It should be noted that the value of an option varies with different variables of certain subjective assumptions; any change in variables so adopted may materially affect the fair value estimate.

(b) Share Option Schemes of Subsidiaries

On 31 July 2002, Apple Daily Publication Development Limited (“ADPDL”) and Next Media Publishing Limited (“NMPL”), which are wholly owned subsidiaries of the Company, both adopted a share option scheme (together the “Subsidiary Share Option Schemes”), which complied with the requirements under Chapter 17 of the Listing Rules.

On 28 July 2004, the shareholders of ADPDL and the shareholders of the Company approved to refresh the scheme mandate limit of the ADPDL share option scheme up to a new 10% limit. As at the date of this interim report, the total number of shares that may be issued upon exercise of all further options to be granted under the Subsidiary Share Option Schemes of ADPDL and NMPL are 885,000 and 550,000, respectively, representing 8.85% and 5.5% of the issued share capital of ADPDL and NMPL.

The tables below set out movements in the share options granted under the Subsidiary Share Option Schemes during the period:

Apple Daily Publication Development Limited

Name or category of participant	No. of options as at 01/04/06	No. of options granted during the period	Date of grant	Exercise price per share	Exercisable period	No. of options lapsed during the period	Outstanding as at 30/09/06
Directors							
Ting Ka Yu, Stephen	50,000	–	22/01/2003	(Note)	Not yet determined	–	50,000
	25,000	–	26/03/2003	(Note)	Not yet determined	–	25,000
	25,000	–	11/01/2006	(Note)	Not yet determined	–	25,000
Ip Yut Kin	100,000	–	22/01/2003	(Note)	Not yet determined	–	100,000
	50,000	–	26/01/2004	(Note)	Not yet determined	–	50,000
	50,000	–	11/01/2006	(Note)	Not yet determined	–	50,000
Tung Chuen Cheuk	50,000	–	26/03/2003	(Note)	Not yet determined	–	50,000

Other Information (continued)

Name or category of participant	No. of options as at 01/04/06	No. of options granted during the period	Date of grant	Exercise price per share	Exercisable period	No. of options lapsed during the period	Outstanding as at 30/09/06
Employees							
In aggregate	205,000	–	08/01/2003	(Note)	Not yet determined	–	205,000
	50,000	–	26/03/2003	(Note)	Not yet determined	–	50,000
	50,000	–	23/04/2003	(Note)	Not yet determined	–	50,000
	25,000	–	05/11/2003	(Note)	Not yet determined	–	25,000
	50,000	–	19/04/2004	(Note)	Not yet determined	–	50,000
	40,000	–	28/12/2005	(Note)	Not yet determined	–	40,000
In aggregate and total outstanding							770,000

Next Media Publishing Limited

Name or category of participant	No. of options as at 01/04/06	No. of options granted during the period	Date of grant	Exercise price per share	Exercisable period	No. of options lapsed during the period	Outstanding as at 30/09/06
Employees							
In aggregate	75,000	–	08/01/2003	(Note)	Not yet determined	–	75,000
	100,000	–	12/01/2004	(Note)	Not yet determined	–	100,000
	175,000	–	03/01/2005	(Note)	Not yet determined	–	175,000
In aggregate and total outstanding							350,000

Note: The exercise price shall be the higher of (i) such amount representing not more than four times the “Latest Earnings Per Share” as defined in the Subsidiary Share Option Schemes, and (ii) the nominal value of a share of the Subsidiary. For any option granted during the period commencing six months before the lodgement of an application with the relevant stock exchange for the Listing and at any time thereafter, the subscription price of a share shall not be less than the higher of (i) the issue price of a share at the Listing; (ii) such amount representing not more than four times the “Latest Earnings Per Share” as defined in the Subsidiary Share Option Schemes; and (iii) the nominal value of a share of the Subsidiary.

No options, in relation to either scheme, were granted, exercised or cancelled during the period.

The Company has assessed the fair value of the share options granted under the Subsidiary Share Option Schemes and considered it to be minimal and with no effect on the Group’s profit for the six months ended 30 September 2006.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the percentage of the Shares in public hands exceed 25% as at 30 September 2006.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 September 2006.

By order of the Board

Ting Ka Yu, Stephen

Director

Hong Kong, 27 November 2006