



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of properties. The accounting policies adopted are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2004.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group is primarily engaged in the publication of newspapers. All of the Group's principal activities during the period are carried out in Hong Kong and most of the Group's assets are located in Hong Kong. Accordingly, a business and geographical analysis is not presented.

4. TAXATION

	Six months ended	
	30.9.2004	30.9.2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The Company and subsidiaries:		
Hong Kong profits tax	45,812	42,041
Deferred tax		
Current period	1,540	(1,341)
Effect of change in tax rate	—	(126)
	1,540	(1,467)
	47,352	40,574

Hong Kong profits tax has been provided for at the rate of 17.5% (six months ended 30.9.2003: 17.5%) on the estimated assessable profits.

Deferred tax has been provided for at the rate that is expected to apply in the period when the liability is settled or the asset is realised.



5. DIVIDENDS

A final dividend of HK9 cents (2003: HK7 cents) per share and a special dividend of HK2 cents (2003: HK2 cents) per share for the year ended 31 March 2004 were proposed and paid to the shareholders during the period.

The Directors have determined that an interim dividend of HK3.5 cents (six months ended 30.9.2003: HK3.0 cents) per share would be paid to the shareholders of the Company whose names appear in the register of members on 6 January 2005.

6. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's profit attributable to shareholders of HK\$210,013,000 (six months ended 30.9.2003: HK\$205,572,000) and on 2,397,917,898 (six months ended 30.9.2003: 2,397,917,898) shares in issue during the period.

7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired plant and equipment of approximately HK\$93,391,000 and a hotel property of approximately HK\$79,848,000. In addition, the Group spent approximately HK\$64,158,000 on construction of its new factory.

8. TRADE RECEIVABLES

The Group allows an average credit period of 90 days to its trade customers.

The following is an aged analysis of trade receivables:

	30.9.2004 (Unaudited) HK\$'000	31.3.2004 (Audited) HK\$'000
0 – 60 days	158,965	134,865
61 – 90 days	62,153	60,640
Over 90 days	91,671	87,207
	<u>312,789</u>	<u>282,712</u>

9. TRADE PAYABLES

The following is an aged analysis of trade payables:

	30.9.2004 (Unaudited) HK\$'000	31.3.2004 (Audited) HK\$'000
0 – 60 days	60,260	61,894
61 – 90 days	3,773	1,560
Over 90 days	4,956	7,389
	<u>68,989</u>	<u>70,843</u>



10. BORROWINGS

	30.9.2004 (Unaudited) HK\$'000	31.3.2004 (Audited) HK\$'000
Bank loans, secured and repayable:		
Within one year	—	22,404
In the second year	73,518	1,847
	73,518	24,251
Long term other loan	6,069	—
Total borrowings	79,587	24,251
Less: Portion classified as current liabilities	—	(22,404)
Long term portion	79,587	1,847

At 30 September 2004, the bank loan is secured by a pledge of a bank deposit of the Group amounting to HK\$97,722,000. At 31 March 2004, the bank loans were secured by a charge over certain printing equipment with an aggregate net book value of approximately HK\$135,000,000 at that balance sheet date.

Other loan, which is made by a minority shareholder of a subsidiary of the Company, is unsecured, interest free and does not demand for repayment within one year.

11. SHARE CAPITAL

	30.09.2004 (Unaudited) HK\$'000	31.3.2004 (Audited) HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.25 each	1,250,000	1,250,000
Issued and fully paid:		
2,397,917,898 ordinary shares of HK\$0.25 each	599,479	599,479



12. OPERATING LEASE COMMITMENTS

As lessee

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

	30.9.2004 (Unaudited) HK\$'000	31.3.2004 (Audited) HK\$'000
Within one year	1,114	3,834
In the second to fifth year inclusive	<u>314</u>	<u>691</u>
	<u>1,428</u>	<u>4,525</u>

As lessor

At the balance sheet date, the Group had no contract with any tenants for minimum lease payment.

13. RELATED PARTY TRANSACTIONS

During the period, the Group paid legal fees amounting to approximately HK\$803,000 (six months ended 30.9.2003: HK\$268,000) to Messrs. lu, Lai & Li. Mr. Dominic LAI, a 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.

14. OUTSTANDING LITIGATIONS

At the balance sheet date, there have been several outstanding defamatory litigations brought against the Group. The Group has been strongly contesting those claims. Even though the final outcome of the proceedings is uncertain, the Directors are of the opinion that the respective ultimate liability, if any, would not have a material adverse impact upon the Group's financial position.

15. CAPITAL COMMITMENT

	30.9.2004 (Unaudited) HK\$'000	31.3.2004 (Audited) HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the financial statements	<u>70,061</u>	<u>120,106</u>