

## 12. Capital commitments

	30th September 2004	31st March 2004
	HK\$'000	HK\$'000
Authorised but not contracted for		
– in respect of the Group's share of contribution to an associated company for its development of film studio and ancillary facilities	54,583	95,560
Contracted but not provided for		
– in respect of property, plant and equipment	109	1,068
– in respect of the Group's share of contribution to an associated company for its development of film studio and ancillary facilities	17,791	75,515
	17,900	76,583
	72,483	172,143

## 13. Related party transactions

The Group entered into the following significant transactions in the normal course of business during the period with related parties:

- (i) The Group received rental income in respect of land and buildings amounting to HK\$8,866,000 (2003: HK\$8,866,000) from an associated company. The rental income was determined by contract between both parties.
- (ii) The Group provided labour and administrative services to certain related companies for management fees totaling HK\$4,191,000 (2003: HK\$4,252,000). The fees for these services were determined by contract between the parties. These related companies are held by a substantial shareholder of the Company.

## INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 5.0 cents per ordinary share, payable on 26th January 2005 to shareholders whose names appear on the Register of Members of the Company on that date, and will absorb HK\$19,919,520.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Saturday, 8th January 2005 to Wednesday, 26th January 2005, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, at Hopewell Centre, 17th Floor, 183 Queen's Road East, Hong Kong, no later than 4:00 p.m. on Friday, 7th January 2005.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Property Rental

Property rental income was mainly derived from leasing office premises to our associated company, Television Broadcasts Limited.

### Filming Facilities Services

Filming facilities services comprise Film Remastering and Film Processing Centres, and the contribution during the period was HK\$1,228,000, in line with expectations.

### Redevelopment Of Clearwater Bay Site

Preliminary agreement has been reached, subject to contract, between SCMP Group and the Company consequent to which a request has been made jointly to the Town Planning Board to re-activate consideration of the Master Layout Plan submitted in October 2002, subject to further minor amendments.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Associated Companies**

Due to robust growth in advertising revenues during January to June 2004, the contribution after taxation from Television Broadcasts Limited to Group profits during the period increased by 40%.

### **Movie City Project**

The Movie City is expected to come into operation in phases starting from the end of first quarter of 2005.

### **Financial**

The Group had no significant external borrowing and none of the Group's assets are subject to any charge. There was no acquisition or disposal of material subsidiaries or associated companies in the course of the period.

### **Contingent Liabilities**

As at 30th September 2004, the Group and the Company did not have any significant contingent liabilities.

### **Exposure To Fluctuations In Exchange Rates**

As the majority of the revenues, expenses, assets and liabilities of the Group are denominated in Hong Kong Dollars, the Group does not have significant risk in exposure to fluctuations in exchange rates.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30th September 2004, the Group employed a total of 186 full time employees, all in Hong Kong. During the period under review, there was no significant change in the Group's remuneration policies.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the six months ended 30th September 2004, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

## **CORPORATE GOVERNANCE**

Throughout the six months ended 30th September 2004, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, save that independent non-executive directors who have not been appointed for a specific term are subject to retirement by rotation as specified by the Company's Articles of Association.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the Group's Interim Report and unaudited condensed accounts for the six months ended 30th September 2004.