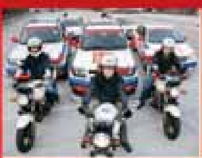
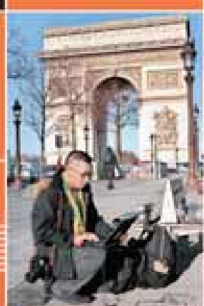
東方報業集團有限公司

ORIENTAL PRESS GROUP LTD

(Stock Code : 18)





Annual Report 2008

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ching-fat MA, *BBS*
Chairman

Mr. Ching-choi MA
Vice-Chairman

Mr. Shun-chuen LAM
Chief Executive Officer

Non-executive Director

Mr. Dominic LAI

Independent Non-executive Directors

Mr. Yau-nam CHAM
Mr. Ping-wing PAO, *JP*
Mr. Yat-fai LAM

AUDIT COMMITTEE

Mr. Yat-fai LAM *(Chairman)*
Mr. Dominic LAI
Mr. Ping-wing PAO, *JP*

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

Mr. Yat-fai LAM *(Chairman)*
Mr. Ping-wing PAO, *JP*

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chi-wing CHAN

SOLICITORS

Iu, Lai & Li, Solicitors

AUDITORS

Grant Thornton

BANKERS

Bank of China (Hong Kong)
Chong Hing Bank

REGISTERED OFFICE

Oriental Press Centre
23 Dai Cheong Street
Tai Po Industrial Estate
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Friendly Limited
26/F, Tesbury Centre,
28 Queen's Road East, Hong Kong

STOCK CODE

The Stock Exchange of
Hong Kong Limited 18

Operation Statement

RESULTS

For the year ended 31 March 2008, the audited consolidated profit attributable to shareholders of the Group amounted to HK$311,586,000.

DIVIDENDS

The Directors recommend a final dividend of HK8.5 cents (2007: HK 4 cents) per share for the year ended 31 March 2008, payable to the shareholders whose names appear on the Register of Members on 20 August 2008. Together with the paid interim dividend of HK2.5 cents per share (2007: Nil), the dividend for the year amounts to HK11 cents (2007: HK4 cents) per share. The proposed final dividend will be payable on 25 August 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 14 August 2008 to 20 August 2008, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the proposed final dividend or to attend the Annual General Meeting of the Company to be held on 20 August 2008, all transfers accompanied with the relevant share certificates must be deposited at the Company's share registrar, Tricor Friendly Limited, whose address is 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 13 August 2008.

BUSINESS REVIEW

"Oriental Daily News" with the largest readership in Hong Kong, remains as the best-selling newspaper in Hong Kong for 32 consecutive years. In the past few years, "Oriental Daily News" has undergone numerous reforms, revitalized its layout design and enriched its contents to be in line with social trends aiming to be with the general public all the time. It's courage to expose social injustices, and detailed coverage and analysis justifying its reputation as "The Paper for Hong Kong", "Oriental Daily News" enjoys wide popularity among the general public.

"The Sun" successfully became the second best-selling newspaper on occasions during the promotion period when incentives were given to readers in October 2005. Its circulation on 13 May 2006 reached 500,171 copies, exceeding the amount of 345,000 printed copies (including wastage, complementary and unsold copies) as claimed by "Apple Daily" on the same date by 150,000 copies. After the promotional activities, "The Sun" has undergone several revolutionary changes, particularly strengthening the contents of its entertainment and supplement sections to attract the young new generation. The changes of "The Sun" is well received by the general public. With support from its advertisers, it is positioned comfortably as the third best-selling newspaper in Hong Kong. The upward revision of its retail price to HK$6 on 17 November 2007 has boosted the Group's overall income.

"on.cc", the flagship online portal of Oriental Press Group, is to hold transcendent views while keep enhancing its content. Envisioned the household bandwidth is on the rising track, so as the netizens' demand in multimedia content, "on.cc" launched Hong Kong first online TV "ontv" in March 2008, providing round the clock update news, finance, commentary, entertainment and lifestyle programs for free. "ontv" brings to the office workers and young netizens across the world on-the-spot news, and invigorates the TV media market.

"ontv" commentaries programs invite well-known persons to analyze hottest issues in town and to make viewers feel being part of the program. It has become a political forum platform for Chinese worldwide. "ontv" finance programs produce live broadcast every stock market trading day when professional analysts would conduct market strategy discussions and analysis. Viewers are not only able to watch market analysis and seek advice from the professionals direct through the internet, but also check on the stock prices and other detail information. Since launch, it has been well received by viewers, and has become one of the main sources of information for netizens in general and office workers in particular, and thus pushed "on.cc" unique visitor to over 2 million a month.

During the year, advertising revenue of "on.cc" continues to surge, and the Group has successfully expanded into the TV advertising market. Leveraging on its high resolution graphics and call-for-action interactive interface, "ontv" attracted brands that seldom use internet as promotion media to break their traditions. They now launch TV commercials at "ontv", making it Hong Kong's only online media operate under the TV advertising model. By possessing the linear broadcasting nature of TV and the ability to conduct audiences' interaction, "ontv" successfully draws attention of brand enterprises and are well-received by advertisers from the FMCG and service sectors.

On the property investment front, the Group disposed of the property in Kowloon Bay known as Oriental News Building on 30 April 2008 at a consideration of HK$515,600,000 by way of selling the property-owning company. The gain expected to accrue to the Group from the disposal would be approximately HK$393,000,000 for the financial year ending 31 March 2009.

As for overseas investments, the Group entered into an agreement with an independent third party on 25 September 2007 to sell a shopping mall in Australia at a consideration of AUD8,100,000. The group will generate a gain of approximately AUD300,000 (after netting off the cost of acquisition and related expenses) when the completion of transaction is anticipated on 25 July 2008. Besides, the Group also entered into a put and call option agreement with another independent third party on 10 October 2007 whereby, upon the exercise of the option, the Group's hotel property in Australia would be assigned to the purchaser at a consideration of AUD18,200,000 on or before 15 December 2008. The Group has already exercised the option in May 2008 and completion is expected on 4 September 2008, whereupon a gain of approximately AUD3,600,000 will be realised after netting off the cost of acquisition and related expenses. Concurrently, the Group and an affiliated company of the said purchaser also entered into a licence agreement, pursuant to which the Group shall grant such affiliated company a licence for a term of 18 months to use the Group's hotel property for the purpose of running a hotel business. The Group will receive an annual income of AUD800,000 in return. This agreement will be terminated on completion of the disposal of the Group's hotel property.

On the other hand, the Group acquired two commercial buildings for investment purpose, one at a consideration of AUD11,800,000 during the year and the other at AUD12,600,000 in May 2008.

Operation Statement

BUSINESS OUTLOOK

Looking towards the future, we believe with "Oriental Daily News" and "The Sun" making up an aggregate share of about 60% of the circulation and readership of Chinese newspaper in Hong Kong, they will continue to achieve satisfactory result from the advertising market, and strengthen the Group's profitability.

Apart from conventional newspaper, the Group targets to diversify its business to TV, internet and mobile media sectors, striving to become a total solution provider for the advertisers. Due to its global nature, these new media operations will not be restricted by geographical boundary and the rising newsprint and print ink costs. "ontv" will strengthen its infrastructure development and users relationship management system, so as to gain instant information on market trends and audiences' favorite contents, which will enable us to formulate new goals.

Following the development of online TV, the reach of our contents has been vastly extended. Apart from using text and photos, news and commentaries can now be broadcasted in form of TV through outdoor media and wireless internet. Websites of "on.cc" and "ontv" deliver real-time information to global netizens, exerting far-reaching influences.

"on.cc" is actively expanding into the wireless internet and outdoor media business, which will enable our audiences' instant access to the Group's contents anywhere at home, outdoor or overseas. The Group believes the synergetic effects created by conventional and new media will enable us to capture every potential business opportunities and maximize our shareholders' return in the new economic era. The Group will introduce strategic partner into "on.cc" or explore other forms of market capitalization in due course, with an aim to accelerate the business expansion of "on.cc" into the PRC and overseas markets.

In conclusion, although the Group's operating results will continue to be affected by the high prices of crude oil and newsprint, the Group still has great confidence in its newspaper and website operations, and remains conservatively optimistic of the future.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital at 31 March 2008 amounted to HK$1,754,209,000 (2007: HK$1,339,918,000), which includes time deposits, bank balances and cash amounting to HK$1,350,772,000 (2007: HK$1,096,502,000).

At 31 March 2008, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 3.7% (2007: 3.4%). The bank loan of HK$93,149,000 is secured by a pledge of bank deposit of HK$116,437,000.

During the year, the Group's capital expenditure was approximately HK$113,892,000.

CONTINGENT LIABILITY

At 31 March 2008, the Group has no material contingent liability.

Operation Statement

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2008, the Group employed 2,325 employees. Remuneration for employees including medical benefits is determined based on industry practice, the performance and working experience of the employees, and the current market conditions. The Group has implemented a training scheme to groom a new generation of journalists.

EXPOSURE TO FOREIGN EXCHANGE

Since the revenue of the Group is mainly denominated in Hong Kong dollars and the production cost is denominated in United States and Hong Kong Dollars, the Group is therefore not exposed to any foreign currency exchange risk provided Hong Kong's pegged exchange rate system remains unchanged.

CORPORATE GOVERNANCE

The Company has complied, throughout the financial year, with the code provision set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except that independent non-executive directors of the Company were not appointed for a specific term, but are subject to retirement by rotation in accordance with the article of the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2008 with the management. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2008 have been agreed by the Group's auditors, Grant Thornton, to the amounts set out in the Group's consolidated financial statements for the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiries by the Company, all Directors have confirmed that they have achieved full compliance with the required standards as laid down in the Model Code for the year ended 31 March 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board

Ching-fat MA
Chairman

4 July 2008

Directors' Report

The directors of the Company (the "Directors") present their report and the audited financial statements for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 19(a) to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2008 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 19 to 68.

The Directors now recommend a final dividend of HK8.5 cents per share payable to the shareholders, whose names appear on the Register of Members on 20 August 2008, amounting to HK$203,823,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group and of the Company during the year are set out in note15 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the consolidated statements of changes in equity on page 23 and note 30 to the financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves including the proposed dividends of the Company at 31 March 2008 calculated under section 79B of the Companies Ordinance amounted to HK$799,509,000.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 69.

Directors' Report

DIRECTORS

The Directors in office during the year and up to the date of this report were:–

Executive directors
Mr. Ching-fat MA, *BBS, Chairman*
Mr. Ching-choi MA, *Vice-Chairman*
Mr. Shun-chuen LAM, *Chief Executive Officer*

Non-executive director
Mr. Dominic LAI

Independent non-executive directors
Mr. Yau-nam CHAM
Mr. Ping-wing PAO, *JP*
Mr. Yat-fai LAM

In accordance with Article 103 of the Company's Articles of Association, Mr. Shun-chuen LAM, Mr. Dominic LAI and Mr. Yau-nam CHAM shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The term of office for each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

The Company has received from all the independent non-executive directors the written confirmation of independence and considered that their independence be appropriate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

At 31 March 2008, the directors, the chief executive and their respective associates had interests in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") as follows:

Interests in the Company

		Number of ordinary shares held					
Name of Director	**Capacity**	**Personal interests**	**Family Interests**	**Corporate interests**	**Other Interests**	**Total**	**Percentage of shareholding**
Ching-fat MA	Trustee of a discretionary trust	–	–	–	1,459,061,800 *(Note)*	1,459,061,800	60.85%
Ching-choi MA	One of the beneficiaries of a discretionary trust	–	–	–	1,459,061,800 *(Note)*	1,459,061,800	60.85%
Shun-chuen LAM	Founder of a discretionary trust	–	–	–	1,459,061,800 *(Note)*	1,459,061,800	60.85%

Note:

Such 1,459,061,800 shares are held by Ever Holdings Limited (holding 84,281,880 shares), Tarbela Company Limited (holding 681,037,500 shares), Tarboca Company Limited (holding 360,328,020 shares) and Sermost Limited (holding 333,414,400 shares). Tarbela Company Limited, Tarboca Company Limited and Sermost Limited are the wholly-owned subsidiaries of Ever Holdings Limited; Ever Holdings Limited is the wholly-owned subsidiary of Magicway Investment Limited; Magicway Investment Limited is the wholly-owned subsidiary of Wonderful Star Limited and Wonderful Star Limited is the wholly-owned subsidiary of Ma's Holdings Limited. Ma's Family Trust, a discretionary trust, is the sole beneficial owner of Ma's Holdings Limited. The Company's directors, Mr. Ching-fat MA, being the trustee of Ma's Family Trust, Mr. Ching-choi MA, being one of the beneficiaries of Ma's Family Trust and Mr. Shun-chuen LAM, being the founder of Ma's Family Trust, are taken to be interested in the shares of the Company and thus are taken to be interested in those 1,459,061,800 shares held by the above mentioned companies.

Other than the holdings disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. None of the directors or the chief executive or their associates had, as at 31 March 2008, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its above-mentioned associated corporations, or had exercised any such rights.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 31 to the financial statements, there were no contracts of significance to which the Company, its holding companies or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

None of the directors has a service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee was established in compliance with Rule 3.21 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises two independent non-executive directors and one non-executive director.

CODE OF BEST PRACTICE

The Company has complied, throughout the year ended 31 March 2008 with the Code of Best Practice as set out in Appendix 14 to the Listing Rules on the Stock Exchange.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

At 31 March 2008, shareholders (other than directors or chief executive of the Company) who had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Interests in the Company

Name	Capacity	Number of ordinary shares	Percentage of Shareholding
Ma's Holdings Limited	Interest of controlled corporations	1,459,061,800 *(Note)*	60.85%
Wonderful Star Limited	Interest of controlled corporations	1,459,061,800 *(Note)*	60.85%
Magicway Investment Limited	Interest of controlled corporations	1,459,061,800 *(Note)*	60.85%
Ever Holdings Limited	Beneficial owner and interest of controlled corporations	1,459,061,800 *(Note)*	60.85%
Tarbela Company Limited	Beneficial owner	681,037,500 *(Note)*	28.40%
Tarboca Company Limited	Beneficial owner	360,328,020 *(Note)*	15.03%
Sermost Limited	Beneficial owner	333,414,400 *(Note)*	13.90%
Mui-fong HUNG	Interest of spouse	1,459,061,800 *(Note)*	60.85%
Maria Lai-chun CHAN	Interest of spouse	1,459,061,800 *(Note)*	60.85%

Note:
Such 1,459,061,800 shares are held by Ever Holdings Limited (holding 84,281,880 shares), Tarbela Company Limited (holding 681,037,500 shares), Tarboca Company Limited (holding 360,328,020 shares) and Sermost Limited (holding 333,414,400 shares). Tarbela Company Limited, Tarboca Company Limited and Sermost Limited are the wholly-owned subsidiaries of Ever Holdings Limited; Ever Holdings Limited is the wholly-owned subsidiary of Magicway Investment Limited; Magicway Investment Limited is the wholly-owned subsidiary of Wonderful Star Limited and Wonderful Star Limited is the wholly-owned subsidiary of Ma's Holdings Limited. Ma's Family Trust is the sole beneficial owner of Ma's Holdings Limited. Ms. Mui-fong HUNG, being spouse of Mr. Ching-fat MA and Ms. Maria Lai-chun CHAN, being spouse of Mr. Ching-choi MA, are also deemed to be interested in the shares of the Company.

Save as disclosed above, no other party had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK$478,000.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are shown in note 36 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2008, the five largest customers of the Group accounted for approximately 48% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer amounted to approximately 35%.

The percentage of purchases attributable to the Group's five largest suppliers is approximately 86% of the Group's total purchases for the year and the percentage of purchases attributable to the Group's largest supplier amounted to approximately 41%.

None of the directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in the share capital of any of those customers and suppliers.

AUDITORS

The Company's auditors, Grant Thornton retire and, being eligible, offer themselves for re-appointment. A resolution for the Company to re-appoint Grant Thornton as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ching-fat MA
Chairman

4 July 2008

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ching-fat MA, *BBS*, aged 48, was appointed as an executive director and the Chairman of the Board on 17 May 2005. Mr. MA joined the Group in 1985 and was appointed as an executive director for the period from 11 December 1991 to 4 October 1999. During the period from 20 November 2004 to 17 May 2005, Mr. MA was the President of the Company. Mr. MA graduated from the Department of Journalism, Chu Hai College. Mr. MA is elder brother of Mr. Ching-choi MA and nephew of Mr. Shun-chuen LAM.

Mr. Ching-choi MA, aged 46, was appointed as an executive director and the Vice-Chairman of the Board on 28 September 2005. He assists mainly the Chairman in discharge of his duties. Mr. MA joined the Group in 1986 and was appointed as an executive director of the Company from 20 February 1995 to 4 October 1999. During the period from 31 August 2002 to 28 September 2005, Mr. MA was Senior Vice-President of the Company. Mr. MA was educated at Dominican College of California, U.S.A., majoring in business administration. Mr. MA is younger brother of Mr. Ching-fat MA and nephew of Mr. Shun-chuen LAM.

Mr. Shun-chuen LAM, aged 59, has been an executive director since October 1999 and is currently the Chief Executive Officer of the Company, responsible for the day-to-day management of the Group's business. Mr. LAM joined the Group in 1972 and was in charge of the distribution of the Group's publications. Mr. LAM is uncle of both Mr. Ching-fat MA and Mr. Ching-choi MA.

NON-EXECUTIVE DIRECTOR

Mr. Dominic LAI, aged 61, has been a director since August 1998 and is currently a non-executive director and a member of the Audit Committee of the Company. He is also a non-executive director of a number of public companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. LAI is a senior partner of the Hong Kong law firm of Iu, Lai & Li, legal advisers to the Group. He is a practising solicitor in Hong Kong and has also been admitted as a solicitor in England, Republic of Singapore, the States of New South Wales and Victoria, Australia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yau-nam CHAM, aged 61, was appointed as an independent non-executive director of the Company on 30 March 2006. Mr. CHAM is the managing director and a shareholder of Kwong Fat Hong (Securities) Limited. He has over 20 years of experience in the securities industry. Mr. CHAM is a member of Certified General Accountants Association of Canada. He obtained his Bachelor of Science degree from St. Mary's University, Bachelor of Engineering (Electrical) degree from Nova Scotia Technical College and Master of Business Administration degree from University of British Columbia, in Canada. Mr. CHAM is a non-executive director and the chairman of the audit committee of Deswell Industries, Inc., a public company listed on NASDAQ in U.S.A., and an independent non-executive director of Nam Tai Electronic & Electrical Products Limited, a public company listed on the main board of the Stock Exchange.

Biographical Details of Directors and Senior Management

Mr. Ping-wing PAO, *JP*, aged 60, has been a director since July 1987 and is currently an independent non-executive director and a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is also an independent non-executive director of a number of public companies listed on the Stock Exchange. Mr. PAO was elected as one of the Ten Outstanding Young Persons of Hong Kong in 1982 and one of the Ten Outstanding Young Persons of the World in 1983. He was also an ex-Urban Councillor. In the past 20 years plus, he has been actively serving on government policy committees and statutory bodies, especially those of town planning, urban renewal, public housing, culture and arts and environment matters. Mr. PAO holds a Master of Science degree in human settlements planning & development.

Mr. Yat-fai LAM, aged 42, has been an independent non-executive director of the Company since September 2004. He is also the chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. LAM is also an independent non-executive director of G-Prop (Holdings) Limited, New Smart Energy Group Limited and Yunnan Enterprises Holdings Limited, all of which are public companies listed on the Stock Exchange. Mr. LAM is a Certified Public Accountant (Practising) in Hong Kong and a fellow member of the Association of Chartered Certified Accountants. He worked with Kwan Wong Tan & Fong and Deloitte Touche Tohmatsu for over 10 years and has over 18 years of experience in auditing, taxation, corporate finance and accounting.

SENIOR MANAGEMENT

Mr. Chi-wing CHAN, aged 46, was appointed as the Company Secretary on 17 May 2005. In addition, Mr. CHAN is also the authorised representative and qualified accountant of the Company. Mr. CHAN holds a Bachelor of Commerce degree and a Master of Professional Accounting degree. He is also a Certified Public Accountant in Hong Kong and a Certified Practising Accountant in Australia. Prior to joining the Company, Mr. CHAN worked with other public companies listed on the Stock Exchange and has extensive working experience in accounting and finance.

The executive directors of the Company are also the senior managers of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Appendix 14 – Code on Corporate Governance Practices (the "Code") to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company has applied the principles and complied with the code provisions set out in the Code for the year ended 31 March 2008 except that independent non-executive directors of the Company were not appointed for a specific term, but are subject to retirement by rotation in accordance with the Company's Articles of Association.

BOARD OF DIRECTORS

The Board of Directors (the "Board") is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and financial performances. The Board delegates to the management team the day-to-day management of the Group's business, including the preparation of annual and interim reports, and for implementation of internal control, business strategies and plans developed by the Board.

The Board comprises three executive directors, one non-executive director and three independent non-executive directors. More than one-third of the Board members is independent non-executive directors and two of them have appropriate accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

Each of the independent non-executive directors has made an annual confirmation of independence, and the Company considers that all of the independent non-executive directors are independent in accordance with the guidelines as set out in Rule 3.13 of the Listing Rules.

Board meetings are scheduled to be held at about quarterly interval. The attendance of the directors at the Board meetings for the year ended 31 March 2008 is as follows:

Name of Directors	**Number of attendance**
Mr. Ching-fat MA, *BBS (Chairman)*	4/4
Mr. Ching-choi MA *(Vice-Chairman)*	2/4
Mr. Shun-chuen LAM *(Chief Executive Officer)*	4/4
# Mr. Dominic LAI	3/4
* Mr. Yau-nam CHAM	4/4
* Mr. Ping-wing PAO, *JP*	4/4
* Mr. Yat-fai LAM	3/4

\# *Non-executive director*
* *Independent non-executive director*

During the year, the Board has convened four regular meetings and conducted the following activities:

(i) approved the interim and annual reports, and matters to be considered at annual general meeting;

(ii) reviewed and approved corporate strategies of the Group; and

(iii) reviewed the performance and financial position of the Group.

The independent non-executive directors of the Company are not appointed for a specific term. However, all directors shall be subject to retirement by rotation at least once every three years in accordance with the Company's Articles of Association at the Company's annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman is Mr. Ching-fat MA while the Chief Executive Officer ("CEO") is Mr. Shun-chuen LAM. There is a clear division of responsibilities between the Chairman and the CEO, in that the Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the CEO bears executive responsibility for the management of the day-to-day operations of the Group.

BOARD COMMITTEE

The Board has established three committees with clearly-defined written terms of reference. The independent views and recommendations of the these committees ensure proper control of the Group and the continual achievement of the high standard corporate governance practices.

Nomination Committee

The Nomination Committee comprises two independent non-executive directors, Mr. Yat-fai LAM and Mr. Ping-wing PAO. The Committee will apply certain criterias on selection such as the consideration of what business or financial experience that the nominated individual can bring into the Board, his or her capabilities to maintain and improve the competitiveness of the Company, and his or her ability to contribute to the Board in formulating Company's policies and strategies, as well as to the effective ways of discharging the Board's responsibilities.

Remuneration Committee

The Remuneration Committee comprises two independent non-executive directors, Mr. Yat-fai LAM and Mr. Ping-wing PAO. One meeting was held during the year ended 31 March 2008 and all members of the Committee attended the meeting.

The brief duties of the Committee as per the terms of reference were as follows:

(i) to make recommendations to the Board on the Company's policy and structure for the remuneration of the directors;

(ii) to have the delegated responsibilities to determine the specific remunerations package of all executive directors; and

(iii) to review and approve compensation payable to directors in connection with loss or termination of office or compensation arrangement relating to dismissal or removal of director for misconduct.

The Committee has every right to access to professional advice relating to remuneration proposal if considered necessary.

Audit Committee

The Audit Committee comprises two independent non-executive directors, Mr. Yat-fai LAM and Mr. Ping-wing PAO and one non-executive director, Mr. Dominic LAI. Two meetings were held during the year ended 31 March 2008 and all members of the Committee attended the meetings. During the year, the Committee has reviewed the Company's annual report for the year ended 31 March 2008 and the interim report for the six months ended 30 September 2007.

The Committee is authorized by the Board to investigate any activity and seek any information it requires within its terms of reference. It is also authorized to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if necessary. The principal duties of the Committee include:

(i) monitoring integrity of the Company's financial statements, reports and accounts;

(ii) reviewing of financial controls, internal controls, and risk management system; and

(iii) reviewing of the Company's financial and accounting policies and practices.

CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the Code of Conduct regarding directors' securities transactions.

Following specific enquiries by the Company, all directors have confirmed in writing their compliance with the required standards set out in the Code of Conduct during the year under review.

AUDITORS' REMUNERATION

For the year ended 31 March 2008, the external auditors received approximately HK$1,241,000, comprising the audit fees of approximately HK$1,036,000 and non-audit fees of approximately HK$205,000. The non-audit services consist mainly provision of tax services.

INTERNAL CONTROL

The Board, through the Audit Committee, regularly review the internal control system of the Company and will take any necessary and appropriate action to maintain an adequate internal control system to safeguard shareholders' investments and the Company's assets. Together with the Audit Committee, the Directors will conduct a review on the effectiveness of the system of internal control once a year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Group and of the Group's results and cash flow for that period. The Directors ensure that the financial statements for the year ended 31 March 2008 were prepared in accordance with statutory requirements and applicable accounting standards.

Grant Thornton
均富

Member of Grant Thornton International Ltd

To the members of Oriental Press Group Limited
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Oriental Press Group Limited (the "Company") and its subsidiaries (collectively known as the "Group") set out on pages 19 to 68, which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the Group's profit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

4 July 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	5	**1,835,604**	1,798,808
Other income	5	**82,995**	70,562
Raw materials and consumables used		**(620,224)**	(701,087)
Staff costs including directors' emoluments	13	**(671,626)**	(712,705)
Depreciation		**(79,442)**	(77,558)
Other operating expenses		**(186,663)**	(243,061)
Net surplus on revaluation of property, plant and equipment		**4,879**	11,491
Fair value adjustments on investment properties		**9,509**	744
Net (loss)/gain on disposal of property, plant and equipment		**(337)**	527
Profit from operations	7	**374,695**	147,721
Finance costs	8	**(7,024)**	(5,038)
Profit before income tax		**367,671**	142,683
Income tax expense	9	**(55,927)**	(19,261)
Profit for the year		**311,744**	123,422
Attributable to :			
Equity holders of the Company	10	**311,586**	123,068
Minority interest		**158**	354
Profit for the year		**311,744**	123,422
Dividends	11		
Proposed dividends		**203,823**	95,917
Interim dividend paid		**59,948**	–
		263,771	95,917
Earnings per share for profit attributable to equity holders of the Company during the year	12		
– Basic		**HK13.0 cents**	HK5.1 cents
– Diluted		**N/A**	N/A

Consolidated Balance Sheet

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**996,735**	1,138,269
Leasehold land	16	**30,723**	37,384
Investment properties	17	**69,472**	145,673
Available-for-sale financial asset	18	**4,745**	4,745
Deferred tax assets	29	**24,764**	31,855
		1,126,439	1,357,926
Current assets			
Inventories	20	**108,545**	110,820
Trade receivables	21	**263,415**	248,855
Other debtors, deposits and prepayments	22	**14,382**	11,728
Taxation recoverable		**26,762**	86,029
Pledged bank deposit	23	**116,437**	107,277
Cash and cash equivalents	23	**1,350,772**	1,096,502
		1,880,313	1,661,211
Non-current assets held for sale	24	**311,407**	–
		2,191,720	1,661,211
Current liabilities			
Trade payables	25	**93,068**	64,011
Other creditors, accruals and deposits received	26	**219,243**	163,771
Taxation payable		**8,039**	4,550
Borrowings	27	**101,097**	88,961
		421,447	321,293
Liabilities associated with non-current assets classified as held for sale	24	**16,064**	–
		437,511	321,293
Net current assets		**1,754,209**	1,339,918
Total assets less current liabilities		**2,880,648**	2,697,844
Non-current liabilities			
Borrowings	27	**2,697**	–
Deferred tax liabilities	29	**92,436**	100,595
		95,133	100,595
Net assets		**2,785,515**	2,597,249
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	28	**599,479**	599,479
Reserves		**1,978,101**	1,899,299
Proposed dividends	11	**203,823**	95,917
		2,781,403	2,594,695
Minority interest		**4,112**	2,554
Total equity		**2,785,515**	2,597,249

Ching-fat MA
Director

Ching-choi MA
Director

Balance Sheet

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*15*	**1,876**	4,174
Available-for-sale financial asset	*18*	**4,745**	4,745
Investment in subsidiaries	*19(a)*	**43,050**	43,050
		49,671	51,969
Current assets			
Other debtors, deposits and prepayments	*22*	**218**	218
Amounts due from subsidiaries	*19(b)*	**2,170,011**	2,115,372
Cash and cash equivalents	*23*	**1,338**	963
		2,171,567	2,116,553
Current liabilities			
Trade payables	*25*	**202**	10
Other creditors, accruals and deposits received	*26*	**6,294**	6,270
Taxation payable		**1,111**	3,779
		7,607	10,059
Net current assets		**2,163,960**	2,106,494
Total assets less current liabilities		**2,213,631**	2,158,463
Non-current liabilities			
Deferred tax liabilities	*29*	**158**	510
Net assets		**2,213,473**	2,157,953
EQUITY			
Share capital	*28*	**599,479**	599,479
Reserves	*30*	**1,410,171**	1,462,557
Proposed dividends	*11*	**203,823**	95,917
Total equity		**2,213,473**	2,157,953

Ching-fat MA
Director

Ching-choi MA
Director

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
Profit before income tax		**367,671**	142,683
Adjustments for :			
Interest income		**(57,987)**	(50,923)
Interest expense		**7,024**	5,038
Impairment of trade receivables		**632**	833
Depreciation		**79,442**	77,558
Exchange difference		**11,637**	–
Amortisation of leasehold land		**934**	934
Net surplus on revaluation of property, plant and equipment		**(4,879)**	(11,491)
Fair value adjustments on investment properties		**(9,509)**	(744)
Net loss/(gain) on disposal of property, plant and equipment		**337**	(527)
Operating profit before working capital changes		**395,302**	163,361
Decrease/(Increase) in inventories		**2,275**	(10,656)
(Increase)/Decrease in trade receivables		**(15,192)**	29,755
Increase in other debtors, deposits and prepayments		**(2,654)**	(455)
Increase/(Decrease) in trade payables		**29,057**	(26,298)
Increase in other creditors, accruals and deposits received		**55,472**	33,574
Cash generated from operations		**464,260**	189,281
Income tax paid		**(41,628)**	(65,655)
Income tax refunded		**59,267**	867
Interest paid		**(7,024)**	(5,038)
Net cash from operating activities		**474,875**	119,455
Cash flows from investing activities			
Purchase of property, plant and equipment		**(22,016)**	(17,511)
Purchase of investment properties		**(88,476)**	–
Proceeds from disposal of property, plant and equipment and leasehold land		**127**	2,009
Interest received		**57,987**	50,923
Increase in pledged bank deposits		**(9,160)**	(4,991)
Net cash (used in)/from investing activities		**(61,538)**	30,430
Cash flows from financing activities			
Dividends paid		**(155,865)**	(59,948)
Repayment of obligations under finance leases		**(204)**	–
Net cash used in financing activities		**(156,069)**	(59,948)
Net increase in cash and cash equivalents		**257,268**	89,937
Cash and cash equivalents at beginning of the year		**1,096,502**	996,801
Effect of foreign exchange rate changes		**(2,998)**	9,764
Cash and cash equivalents at 31 March	*23*	**1,350,772**	1,096,502

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Equity attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000 *(Note)*	Exchange reserve HK$'000 *(Note)*	Properties revaluation reserve HK$'000 *(Note)*	Retained profits HK$'000 *(Note)*	Proposed dividend HK$'000	Total HK$'000	Minority interest HK$'000	Total equity HK$'000
At 1 April 2006	599,479	814,485	2,981	67,296	968,748	59,948	2,512,937	1,934	2,514,871
Surplus on revaluation	–	–	–	10,972	–	–	10,972	–	10,972
Transfer upon disposal of properties	–	–	–	(648)	648	–	–	–	–
Deferred tax liability arising on revaluation of buildings	–	–	–	(1,920)	–	–	(1,920)	–	(1,920)
Exchange realignment	–	–	9,586	–	–	–	9,586	266	9,852
Net income recognised directly in equity	–	–	9,586	8,404	648	–	18,638	266	18,904
Profit for the year	–	–	–	–	123,068	–	123,068	354	123,422
Total recognised income and expense for the year	–	–	9,586	8,404	123,716	–	141,706	620	142,326
2006 final and special dividends paid	–	–	–	–	–	(59,948)	(59,948)	–	(59,948)
Proposed 2007 final dividend *(Note 11)*	–	–	–	–	(95,917)	95,917	–	–	–
At 31 March 2007 and 1 April 2007	599,479	814,485	12,567	75,700	996,547	95,917	2,594,695	2,554	2,597,249
Surplus on revaluation	–	–	–	19,624	–	–	19,624	1,478	21,102
Deferred tax liability arising on revaluation of buildings	–	–	–	(4,703)	–	–	(4,703)	(400)	(5,103)
Exchange realignment	–	–	16,066	–	–	–	16,066	322	16,388
Net income recognised directly in equity	–	–	16,066	14,921	–	–	30,987	1,400	32,387
Profit for the year	–	–	–	–	311,586	–	311,586	158	311,744
Total recognised income and expense for the year	–	–	16,066	14,921	311,586	–	342,573	1,558	344,131
2007 final dividend paid	–	–	–	–	–	(95,917)	(95,917)	–	(95,917)
2008 interim dividend paid	–	–	–	–	(59,948)	–	(59,948)	–	(59,948)
Proposed 2008 final dividend *(Note 11)*	–	–	–	–	(203,823)	203,823	–	–	–
At 31 March 2008	**599,479**	**814,485**	**28,633**	**90,621**	**1,044,362**	**203,823**	**2,781,403**	**4,112**	**2,785,515**

Note: These reserve accounts comprise the consolidated reserves of HK$1,978,101,000 (2007: HK$1,899,299,000) in the consolidated balance sheet of the Group.

Notes to the Financial Statements

For the year ended 31 March 2008

1. GENERAL INFORMATION

Oriental Press Group Limited (the "Company") is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office is Oriental Press Centre, 23 Dai Cheong Street, Tai Po Industrial Estate, Hong Kong and, its principal place of business is in Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company are investment holding and provision of corporate management services. The principal activities and other particulars of its subsidiaries are set out in note 19 to the financial statements.

The financial statements on pages 19 to 68 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The financial statements for the year ended 31 March 2008 were approved and authorised for issue by the Board of Directors on 4 July 2008.

2. ADOPTION OF NEW AND AMENDED HKFRSs

Adoption of new and amended HKFRSs effective on or after 1 April 2007

From 1 April 2007, the Company and its subsidiaries (collectively known as the "Group") have adopted all the new and amended HKFRSs which are first effective on 1 April 2007 and relevant to the Group. The adoption of these HKFRSs did not result in significant alterations to the Group's accounting policies. As a result of the adoption of HKAS 1 (Amendment) "Capital Disclosures" and HKFRS 7 "Financial Instruments: Disclosures", there are additional disclosures provided as follows:

The amendment to HKAS 1 introduces additional disclosure requirements to provide information in each annual financial report about the level of capital and the Group's objectives, policies and procedures for managing capital. These new disclosures are set out in note 38 to the financial statements.

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required under HKAS 32 "Financial Instruments: Disclosure and Presentation". These disclosures are provided throughout these financial statements, in particular in note 39 to the financial statements.

The amendment to HKFRS 7 does not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The first-time application of HKAS 1 (Amendment) and HKFRS 7, however, has not resulted in any prior-period adjustments on cash flows, net income or balance sheet items. Accordingly, no adjustments on prior periods are required.

2. ADOPTION OF NEW AND AMENDED HKFRSs *(Continued)*

New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Share-based Payment: Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions[3]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 January 2008
4 Effective for annual periods beginning on or after 1 July 2008

Among these new and amended HKFRSs, HKAS 1 (Revised) "Presentation of Financial Statements" is expected to be relevant to the Group's financial statements.

HKAS 1 (Revised) "Presentation of Financial Statements"

This amendment affects the presentation of owner's changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures. Management is currently assessing the detailed impact of this amendment on the Group's financial statements.

Except for the adoption of HKAS 1 (Revised) as mentioned above, the directors of the Company (the "Directors") anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

Adoption of other accounting standards during the year

HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations"

During the year, the Directors resolved to dispose of certain leasehold land and investment properties of the Group situated in Hong Kong and Australia. The Group newly adopted the accounting policy on the relevant assets and liabilities directly associated with those assets in accordance with HKFRS 5. Details of the newly adopted accounting policy are set out in note 3(l) and the relevant disclosures provided according to HKFRS 5 are set out in note 24.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties and certain financial assets. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

(c) Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Business combinations are accounted for by applying the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, subsidiaries are carried at cost less accumulated impairment losses. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the balance sheet date. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into Hong Kong dollars at the closing rates.

(e) Revenue recognition

Revenue comprises the fair value for the sale of goods and rendering of services, net of rebates and discounts and after elimination of sales and services rendered within the Group.

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably as follows:

(i) Revenue from sales of newspapers to distributors or customers is recognised when the products are delivered and title has passed.

(ii) Advertising income is recognised when the relevant advertisement is published.

(iii) Provision of printing services is recognised upon provision of the services.

(iv) Hotel operation income is recognised upon provision of the services.

(v) Canteen operation income is recognised upon the sale of goods.

(vi) Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease terms. Lease incentives granted are recognised as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(vii) Interest income is recognised on a time-proportion basis using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Borrowing costs

All borrowing costs are expensed as incurred.

(g) Property, plant and equipment

Freehold land and buildings are stated at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and any subsequent impairment losses. Fair value is determined in appraisals by external professional valuers with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on revaluation of freehold land and buildings is credited to the properties revaluation reserve in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease or impairment loss as described in note 3(j). To the extent that any decrease has previously been recognised in the income statement, a revaluation increase is credited to the income statement with the remaining part of the increase dealt with in the properties revaluation reserve. A decrease in net carrying amount of freehold land and buildings arising on revaluations or impairment testing is charged against any revaluation surplus in the properties revaluation reserve relating to the asset and the remaining decrease recognised in the income statement.

Depreciation on property, plant and equipment, is provided to write off the cost or revalued amount over their estimated useful lives, using the straight-line method, at the following rates per annum:

Freehold land is not depreciated	
Buildings	Shorter of the lease terms and 2.0% – 5.8%
Plant, machinery and printing equipment	5.0% – 33.3%
Furniture, fixtures and equipment	20.0% – 33.3%
Motor vehicles	18.8% – 25.0%

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. Any revaluation surplus remaining in equity is transferred to retained earnings on the disposal of freehold land and buildings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Leasehold land

Leasehold land represents up-front payments to acquire long term interest in the usage of land. They are stated at cost and charged to the income statement over the remaining period of the lease on a straight line basis net of any impairment losses.

(i) Investment properties

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value. The carrying amounts recognised in the balance sheet reflect the prevailing market conditions at the balance sheet date.

Gains or losses arising from either changes in the fair value or the sale of an investment property is included in the income statement for the period in which they arise.

(j) Impairment of assets

Property, plant and equipment, leasehold land and interests in subsidiaries are subject to impairment testing.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount, unless the relevant asset is carried at a revalued amount under the Group's accounting policy, in which case the impairment loss is treated as a revaluation decrease according to that policy (refer to note 3(g) for details). The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment losses recognised for cash-generating units are charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges as the lessee

Where the Group has the right to use assets held under operating leases, payments made under the leases are charged to the income statement on a straight line basis over the lease terms. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(iii) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

The recognition of rental income receivable from operating leases is set out in note 3(e)(vi).

(iv) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to the income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Non-current assets and disposal group held for sale

Non-current assets and disposal group are classified as held for sale if it is highly probable that its carrying amount will be recovered principally through a sale transaction rather than through continuing use and the asset is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets, or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell, except for investment properties which, even if held for sale, would continue to be measured in accordance with the policy adopted by the Group.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in the income statement. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(m) Financial assets

The Group's accounting policies for financial asserts other than interests in subsidiaries are set out below.

Financial assets are classified into the categories of loans and receivables and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Financial assets *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets mainly comprised club membership. Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value is recognised directly in equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity would be recognised in the income statement. Interest calculated using the effective interest method is recognised in the income statement. Upon disposal, the cumulative gain or loss previously recognised in equity is transferred to the income statement.

Impairment of financial assets

At each balance sheet date, financial assets are reviewed to determine whether there is any objective evidence of impairment. If any such evidence exists, the impairment loss is measured and recognised as below.

A provision for impairment on loans and receivables carried at amortised cost is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loans and receivables. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the loans and receivables are impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the loans and receivables is reduced through the use of allowance account, and the amount of the loss is recognised in the income statement of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of loans and receivables exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statement of the period in which the reversal occurs.

For available-for-sale financial assets, when a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in the income statement as impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

(o) Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the tax periods to which they relate, based on the taxable profit for the year. All changes to tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

(p) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, short-term bank deposits with original maturities of three months or less.

(q) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit), to the extent they are incremental costs directly attributable to the equity transaction.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Retirement benefit costs and short-term employee benefits

Defined contribution plan

The Group contributes to a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme"), which are available for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. The Group's contributions are vested fully in the employees when contributed into the MPF Scheme.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(s) Financial liabilities

The Group's financial liabilities include borrowings, trade payables, other creditors and accruals. They are included in balance sheet line items as borrowings under current or non-current liabilities or trade payables and other creditors, accrual and deposits received under current liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade payables and other creditors and accruals are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events that are not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisaton, if appropriate.

(u) Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group or the Company issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in the income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Related parties

A party is considered to be related to the Group if:

(i) directly, or indirectly through one or more intermediaries, the party:

– controls, is controlled by, or is under common control with, the Group;

– has an interest in the Group that gives it significant influence over the Group;

– has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint-controlled entity;

(iv) the party is a member of the key management personnel of the Group or its parent;

(v) the party is a close member of the family or any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated fair value of freehold land and buildings and investment properties (collectively as "Buildings and Properties")

The Buildings and Properties of the Group were stated at fair value in accordance with the accounting policy stated in note 3(g) and (i). The fair value of the Buildings and Properties are determined by a firm of independently qualified professional valuers and the fair value of Buildings and Properties as at respective year end are set out in note 15 and 17. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

In making the estimation, consideration has been given to assumptions that are mainly based on market condition exist at the balance sheet dates and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(ii) Depreciation

The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful lives of 3 to 50 years, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

(iii) Impairment of receivables

The Group's management assess the collectability of receivables. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the impairment of receivables at each balance sheet date. Details of the assessment are set out in note 21.

5. REVENUE AND TURNOVER

Revenue from the Group's principal activities, which is also the Group's turnover, represents total invoiced value of goods supplied, lease income from operating leases and income from provision of services. Revenue recognised during the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Publication of newspapers	**1,772,245**	1,757,474
Rental income	**18,835**	8,662
Income from hotel operation	**16,855**	22,043
Income from canteen operation	**10,558**	10,629
Printing service income	**17,111**	–
	1,835,604	1,798,808

	2008	2007
	HK$'000	*HK$'000*
Included in other income are:		
Interest earned on bank deposits	**57,987**	50,923
Sales of scrap materials	**12,641**	10,902

6. SEGMENT INFORMATION

The Group is primarily engaged in the publication of newspapers. Over 90% of the Group's principal activities during the year are carried out in Hong Kong and over 90% of the Group's assets and customers are located in Hong Kong. Accordingly, a business and geographical analysis is not presented.

7. PROFIT FROM OPERATIONS

	2008	2007
	HK$'000	*HK$'000*
Profit from operations is arrived at after charging/(crediting):		
Auditors' remuneration	**1,241**	1,234
Impairment of trade receivables	**632**	833
Depreciation:		
– Owned assets	**78,592**	77,558
– Leased assets	**850**	–
Amortisation of leasehold land	**934**	934
Net exchange loss	**12,501**	548
Outgoings in respect of investment properties that generated rental income during the year	**3,984**	2,679
Operating lease charges in respect of land and buildings	**4,171**	2,484
Rental income from investment properties less outgoings	**(14,851)**	(5,983)

8. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest charges on borrowings wholly repayable within five years:		
Bank loan	**6,443**	4,788
Other loan	**291**	250
Finance leases	**290**	–
	7,024	5,038

9. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 17.5% (2007: 17.5%) of the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2008	2007
	HK$'000	*HK$'000*
Current tax		
– Hong Kong		
Tax for the year	**46,035**	19,868
(Over)/Under-provision in respect of prior years	**(918)**	2,018
	45,117	21,886
Deferred tax *(Note 29)*	**10,810**	(2,625)
	55,927	19,261

Reconciliation between tax expense and accounting profit at applicable tax rates is as follows:

	2008		2007	
	HK$'000	*%*	*HK$'000*	*%*
Profit before income tax	**367,671**		142,683	
Tax on profit before income tax, calculated at the rate of 17.5%	**64,342**	**17.5**	24,970	17.5
Effect of different tax rates of subsidiaries operating in other jurisdiction	**899**	**0.2**	1,128	0.8
Tax effect of non-taxable revenue	**(8,617)**	**(2.3)**	(8,288)	(5.8)
Tax effect of non-deductible expenses	**3,059**	**0.8**	2,935	2.1
Under-provision in prior years	**(918)**	**(0.2)**	2,018	1.4
Tax effect of prior year's tax losses utilised this year	**–**	**–**	(269)	(0.2)
Tax effect of prior year's tax losses recognised this year	**–**	**–**	(146)	(0.1)
Others	**(2,838)**	**(0.8)**	(3,087)	(2.2)
Income tax expense and effective tax rate for the year	**55,927**	**15.2**	19,261	13.5

10. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated profit attributable to equity holders of the Company of HK$311,586,000 (2007: HK$123,068,000), a profit of HK$211,385,000 (2007: HK$119,266,000) has been dealt with in the financial statements of the Company.

11. DIVIDENDS

(a) Dividends attributable to the year

	2008 HK$'000	2007 HK$'000
Interim dividend paid:		
HK2.5 cents (2007: Nil) per share	**59,948**	–
Proposed final dividend:		
HK8.5 cents (2007: HK4 cents) per share	**203,823**	95,917
	263,771	95,917

A final dividend of HK8.5 cents (2007: HK4 cents) per share has been proposed by the Board of Directors and is subject to the approval by the shareholders in the forthcoming annual general meeting. As such, the proposed dividend has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of retained earnings for the year ended 31 March 2008.

(b) Dividends recognised as distributions during the year

	2008 HK$'000	2007 HK$'000
2007 final dividend of HK4 cents and 2008 interim dividend of HK2.5 cents per share (2007: 2006 final dividend of HK2 cents and special dividend of HK0.5 cent per share)	**155,865**	59,948

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$311,586,000 (2007: HK$123,068,000) and on 2,397,917,898 (2007: 2,397,917,898) ordinary shares in issue during the year.

No diluted earnings per share have been presented as there were no dilutive potential ordinary shares in issue for both years.

13. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2008 HK$'000	2007 HK$'000
Wages and salaries	**648,298**	686,415
Unutilised annual leave	**865**	2,324
Termination benefits	**633**	1,082
Pension costs – defined contribution plans	**21,830**	22,884
	671,626	712,705

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Fees	Salaries and allowances	Contribution to defined contribution plan	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2008				
Executive directors				
Mr. Ching-fat MA	**–**	**19,500**	**12**	**19,512**
Mr. Ching-Choi MA	**–**	**15,600**	**12**	**15,612**
Mr. Shun-chuen LAM	**–**	**2,925**	**12**	**2,937**
Non-executive director				
Mr. Dominic LAI	**60**	**–**	**–**	**60**
Independent non-executive directors				
Mr. Yau-nam CHAM	**60**	**–**	**–**	**60**
Mr. Ping-wing PAO	**70**	**–**	**–**	**70**
Mr. Yat-fai LAM	**100**	**–**	**–**	**100**
	290	**38,025**	**36**	**38,351**
Year ended 31 March 2007				
Executive directors				
Mr. Ching-fat MA	–	19,500	12	19,512
Mr. Ching-Choi MA	–	15,600	12	15,612
Mr. Shun-chuen LAM	–	2,925	12	2,937
Non-executive director				
Mr. Dominic LAI	60	–	–	60
Independent non-executive directors				
Mr. Yau-nam CHAM	60	–	–	60
Mr. Ping-wing PAO	70	–	–	70
Mr. Yat-fai LAM	100	–	–	100
	290	38,025	36	38,351

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

During the year, no emoluments were paid by the Group to the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(b) The emoluments of the top five individuals during the year included three (2007: three) directors, details of whose emoluments are set out in note 14(a) above. The emoluments payable to the remaining two individuals during the year (2007: two) are as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and other benefits	**8,711**	8,645
Contribution to defined contribution plan	**24**	24
	8,735	8,669

The emoluments of them fell within the following bands:

Emolument bands	**Number of individuals** **2008**	2007
HK$ HK$		
2,500,001 – 3,000,000	**1**	1
5,500,001 – 6,000,000	**1**	1

During the year, no emoluments were paid by the Group to these individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land and buildings HK$'000	Plant, machinery and printing equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 31 March 2006					
Cost or valuation	614,576	831,549	138,444	19,665	1,604,234
Accumulated depreciation and impairment	–	(336,418)	(85,220)	(12,560)	(434,198)
Net book amount	614,576	495,131	53,224	7,105	1,170,036
Year ended 31 March 2007					
Opening net book amount	614,576	495,131	53,224	7,105	1,170,036
Exchange differences	6,137	1,122	26	14	7,299
Revaluation surplus	22,463	–	–	–	22,463
Additions	1,390	10,453	4,195	1,473	17,511
Disposals	(791)	(13)	(90)	(588)	(1,482)
Depreciation	(13,884)	(43,983)	(15,992)	(3,699)	(77,558)
Closing net book amount	629,891	462,710	41,363	4,305	1,138,269
At 31 March 2007					
Cost or valuation	629,891	842,007	138,774	17,794	1,628,466
Accumulated depreciation and impairment	–	(379,297)	(97,411)	(13,489)	(490,197)
Net book amount	629,891	462,710	41,363	4,305	1,138,269
Year ended 31 March 2008					
Opening net book amount	**629,891**	**462,710**	**41,363**	**4,305**	**1,138,269**
Exchange differences	**11,492**	**2,090**	**36**	**17**	**13,635**
Revaluation surplus	**25,981**	**–**	**–**	**–**	**25,981**
Additions	**–**	**14,601**	**10,268**	**547**	**25,416**
Disposals	**–**	**(6)**	**(114)**	**(344)**	**(464)**
Depreciation	**(12,694)**	**(46,229)**	**(17,870)**	**(2,649)**	**(79,442)**
Transfers to investment properties *(Note 17)*	**(111,716)**	**(14,713)**	**(231)**	**–**	**(126,660)**
Closing net book amount	**542,954**	**418,453**	**33,452**	**1,876**	**996,735**
At 31 March 2008					
Cost or valuation	**542,954**	**832,121**	**147,262**	**17,772**	**1,540,109**
Accumulated depreciation and impairment	**–**	**(413,668)**	**(113,810)**	**(15,896)**	**(543,374)**
Net book amount	**542,954**	**418,453**	**33,452**	**1,876**	**996,735**

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

The Group *(Continued)*

At 31 March 2008, certain plant, machinery and printing equipment of the Group with a total net book value of HK$2,550,000 (2007: Nil) are held under finance lease. The acquisition costs of HK$3,400,000 were non-cash transactions during the year.

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2008	2007
	HK$'000	*HK$'000*
Cost	**546,636**	626,819
Accumulated depreciation	**(43,642)**	(44,460)
Net book amount	**502,994**	582,359

The analysis of carrying value at cost or valuation of the above property, plant and equipment at 31 March 2008 and 2007 is as follows:

	Freehold land and buildings	**Plant, machinery and printing equipment**	**Furniture, fixtures and equipment**	**Motor vehicles**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At cost	**–**	**418,453**	**33,452**	**1,876**	**453,781**
At valuation – 2008	**542,954**	**–**	**–**	**–**	**542,954**
At 31 March 2008	**542,954**	**418,453**	**33,452**	**1,876**	**996,735**
At cost	–	462,710	41,363	4,305	508,378
At valuation – 2007	629,891	–	–	–	629,891
At 31 March 2007	629,891	462,710	41,363	4,305	1,138,269

The buildings situated in Hong Kong were revalued individually at 31 March 2008 by DTZ Debenham Tie Leung Limited ("DTZ"), an independent professional qualified valuer, on a depreciated replacement cost basis. The building situated in the PRC was revalued at 31 March 2008 by the Directors with reference to the estimated market value. The revaluation surplus of HK$15,999,000 (2007: HK$9,052,000), net of applicable deferred income taxes, and the net revaluation surplus of HK$4,879,000 (2007: HK$11,491,000), resulting from the above valuations were credited to the revaluation reserve in the shareholders' equity and recognised in the consolidated income statement, respectively.

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

The Group *(Continued)*

At 31 March 2007, included in freehold land and buildings of the Group are assets carried at carrying amount of HK$70,311,000, of which the carrying value of the freehold land amounted to HK$19,923,000, being held for generating income from hotel operation in Australia. Those assets were transferred to investment properties during the year.

The Company

	Motor vehicles
	HK$'000
At 31 March 2006	
Cost	19,505
Accumulated depreciation	(12,527)
Net book amount	6,978
Year ended 31 March 2007	
Opening net book amount	6,978
Additions	1,473
Depreciation	(3,689)
Disposals	(588)
Closing net book amount	4,174
At 31 March 2007	
Cost	17,617
Accumulated depreciation	(13,443)
Net book amount	4,174
Year ended 31 March 2008	
Opening net book amount	**4,174**
Additions	**547**
Depreciation	**(2,649)**
Disposals	**(196)**
Closing net book amount	**1,876**
At 31 March 2008	
Cost	**17,772**
Accumulated depreciation	**(15,896)**
Net book amount	**1,876**

16. LEASEHOLD LAND

The Group's interests in leasehold land represent prepaid operating lease payments and their net book value are analysed as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
In Hong Kong held on:		
Leases of over 50 years	**–**	5,873
Leases of between 10 to 50 years	**30,723**	31,511
	30,723	37,384

	2008	2007
	HK$'000	*HK$'000*
Opening net carrying amount	**37,384**	38,318
Reclassified as non-current assets held for sale *(Note 24)*	**(5,727)**	–
Annual charges of prepaid operating lease payments	**(934)**	(934)
Closing net carrying amount	**30,723**	37,384

17. INVESTMENT PROPERTIES

Investment properties include overseas real estate property, which is owned for investment purposes only.

Changes to the carrying amounts presented in the consolidated balance sheet can be summarised as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Carrying amount at beginning of the year	**145,673**	142,211
Additions	**88,476**	–
Exchange difference	**4,834**	2,718
Transfers from property, plant and equipment *(Note 15)*	**126,660**	–
Reclassified as non-current assets held for sale *(Note 24)*	**(305,680)**	–
Net gain from fair value adjustments	**9,509**	744
Carrying amount at 31 March	**69,472**	145,673

17. INVESTMENT PROPERTIES *(Continued)*

Investment property situated in Australia was revalued at 31 March 2008 by Knight Frank Valuations ("Knight Frank"). Valuation was based on the property's open market value on 31 March 2008. The property has been valued by making reference to comparable sales evidence as available in the relevant market and where appropriate, by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the respective properties as at the reporting date.

The Group's interest in investment properties at their carrying amounts is analysed as follows:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
In Hong Kong, held on leases within 50 years	**–**	115,636
Outside Hong Kong, freehold	**69,472**	30,037
	69,472	145,673

18. AVAILABLE-FOR-SALE FINANCIAL ASSET

	The Group and The Company	
	2008	2007
	HK$'000	*HK$'000*
Club membership, stated at cost	**4,745**	4,745

The club membership does not have a quoted market price in an active market and whose fair value cannot be reliably measured. The Group intends to continue to hold the membership.

19. INTERESTS IN SUBSIDIARIES

(a) Investment in subsidiaries

	The Company	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	**43,745**	43,745
Impairment losses recognised	**(695)**	(695)
	43,050	43,050

19. INTERESTS IN SUBSIDIARIES *(Continued)*

(a) Investment in subsidiaries *(Continued)*

Particulars of the principal subsidiaries at 31 March 2008 are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary shares held by the Company	Principal activity
Brilliant City Company Limited	Hong Kong	HK$100	Property leasing
Long Joy Investments Limited	Hong Kong	HK$100	Property leasing
Long Universal Limited	Hong Kong	HK$1	Canteen operation
Lucky Million Limited	Hong Kong	HK$1	Transportation service
Mass Trinity Limited	Hong Kong	HK$1	Property holding
OPG Building Management Limited	Hong Kong	HK$2	Building management
OPG Finance Limited	Hong Kong	HK$2	Treasury company
OPG Human Resources Limited	Hong Kong	HK$2	Human resources services
OPG Printing Limited	Hong Kong	HK$100	Printing services
Oriental Daily News Limited	Hong Kong	HK$100	Newspaper publication
Oriental Daily Publisher Limited#	Hong Kong	HK$100	Registered publisher
Oriental Press Centre Limited ("OPC")	Hong Kong	HK$2	Property holding/ investment
Oriental Publications Limited	Hong Kong	HK$100	Publication services
ON.CC (HK) Limited#	Hong Kong	HK$2	Website service provider
The Sun News Publisher Limited#	Hong Kong	HK$100	Registered publisher

19. INTERESTS IN SUBSIDIARIES *(Continued)*

(a) Investment in subsidiaries *(Continued)*

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary shares held by the Company	Principal activity
The Sun Racing Journal Limited	Hong Kong	HK$2	Horse racing journal publication
Topever International Limited	Hong Kong	HK$100	Property leasing
United Master Limited	Hong Kong	HK$100	Property holding
Pan Profit Limited	Hong Kong/ Australia	HK$1	Investment holding
Pacific Resort Holding Pty Limited ("Pacific Resort")##*	Australia	AUD3,150,000	Hotel operation
New Pacific Holdings Pty Limited ("New Pacific")#*	Australia	AUD2,500,000	Property investment

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.

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.

100% of equity interest indirectly held by the Company

90% of equity interest indirectly held by the Company

* *Not audited by Grant Thornton Hong Kong or other Grant Thornton International member firms. The aggregate net assets of the subsidiaries not audited by Grant Thornton Hong Kong or other Grant Thornton International member firms amounted to approximately 1.5% of the Group's total net assets.*

(b) Amounts due from subsidiaries

The amounts due are unsecured, interest-free and repayable on demand.

20. INVENTORIES

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Newsprint and printing materials	**87,080**	90,371
Spare parts and supplies	**20,733**	19,649
Others	**732**	800
	108,545	110,820

21. TRADE RECEIVABLES

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**264,744**	251,418
Less: Provision for impairment loss	**(1,329)**	(2,563)
	263,415	248,855

The Group allows an average credit of 90 days to its trade customers and no interest is charged. All trade receivables are denominated in Hong Kong dollars which is the functional currency of the group entities to which these balance relate.

The following is an aged analysis of trade receivables after deducting the provision for impairment loss at the balance sheet date:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
0 – 60 days	**125,088**	127,650
61 – 90 days	**55,009**	48,288
Over 90 days	**83,318**	72,917
	263,415	248,855

21. TRADE RECEIVABLES *(Continued)*

The carrying amount of trade receivables is considered a reasonable approximation of fair value as this financial asset is expected to be paid within a short timescale, such that the time value of money impact is not significant.

At each balance sheet date, the Group's trade receivables are individually assessed for any impairment. The individually impaired receivables, if any, are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision is recognised.

Included in the Group's trade receivables, the carrying amount of HK$83,318,000 (2007: HK$72,917,000) are past due but not impaired at the balance sheet date.

Ageing analysis of trade receivables which are past due but not impaired:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
91 – 120 days	**40,498**	34,927
121 – 365 days	**41,305**	37,657
Over 365 days	**1,515**	333
	83,318	72,917

Trade receivables that were past due but not impaired are related to independent customers that had a good track record with the Group. Based on the past experience, management believed that no impairment allowance is necessary in respect of these balances as there had not been a significant change in credit quality and the balances were considered fully recoverable. The Group does not hold any collateral over the balances.

Provision for impairment loss movement:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**2,563**	1,991
Provision for impairment recognised	**632**	833
Amounts written off as uncollectible	**(1,866)**	(261)
Balance at 31 March	**1,329**	2,563

22. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Other debtors	**5,962**	6,462
Deposits	**5,600**	3,030
Prepayments	**2,820**	2,236
	14,382	11,728

	The Company	
	2008	2007
	HK$'000	*HK$'000*
Prepayments	**218**	218

23. CASH AND CASH EQUIVALENTS

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Cash at bank and in hand	**52,989**	126,370
Short-term bank deposits	**1,297,783**	970,132
Deposit pledged against bank loan *(Note 27)*	**116,437**	107,277
	1,467,209	1,203,779
Deposit pledged against bank loan not form part of the Group's cash and cash equivalents	**(116,437)**	(107,277)
	1,350,772	1,096,502

	The Company	
	2008	2007
	HK$'000	*HK$'000*
Cash at bank and in hand	**1,338**	963

23. CASH AND CASH EQUIVALENTS *(Continued)*

Included in cash and cash equivalents in the balance sheet are the following amounts denominated in a currency other than the functional currency of the group entities to which they relate:

	The Group	
	2008	2007
	HK$'000	*HK$'000*
United States dollars ("US$")	**1,084,844**	888,467
Australian dollars ("AUD")	**3,497**	668
	1,088,341	889,135

Cash at bank earns interest at floating rates based on daily bank deposits rates. The effective interest rate of short-term bank deposits is ranging from 1.75% to 6% (2007: 1.0% to 5.5%) per annum and have a maturity within one month and are eligible for immediate cancellation without receiving any interest for the last deposit period. The effective interest rate of deposit pledged against bank borrowings is ranging from 1.8% to 5.7% (2007: 4.4% to 5.1%) per annum and have a maturity within one month.

24. NON-CURRENT ASSETS HELD FOR SALE

During the year, the Directors resolved to dispose of certain leasehold land and investment properties of the Group situated in Hong Kong and Australia which comprised the followings:

(a) On 25 September 2007, New Pacific entered into a sale and purchase agreement with an independent third party for disposing of an investment property situated in Australia, carried at carrying amount of HK$57,421,000, at a consideration of AUD8,100,000 (equivalent to approximately HK$57,421,000) on the completion date which is not later than 25 May 2008. According to the amendments made on 21 May 2008, both parties agreed to extend the completion date up to 25 July 2008 and additional security deposits of AUD160,000 (equivalent to approximately HK$1,134,000) was further paid.

24. NON-CURRENT ASSETS HELD FOR SALE *(Continued)*

(b) On 10 October 2007, Pacific Resort entered into a Put and Call Option Deed (the "Option Deed") with an independent third party (the "Acquirer") to grant to the Acquirer the call option to acquire the Group's investment property (the "Hotel Property") situated in Australia, carried at carrying amount of HK$116,259,000, at a consideration of AUD18,200,000 (equivalent to approximately HK$129,017,000) during the period between 10 October 2007 and 15 September 2008 and to grant to Pacific Resort the put option to sell the Hotel Property at the same consideration during the period between 15 September 2008 and 31 October 2008. During the call option period, the Option Deed also granted Pacific Resort a right to sell the Hotel Property by serving a put option advance settlement notice. The expected completion date of the disposal will after 120 days of the date of the notice.

On the same date, Pacific Resort entered into a Licence Deed with a related party of the Acquirer to grant the right of hotel operation and use of the Hotel Property for 18 months with an annual licence fee of AUD800,000 (equivalent to approximately HK$5,521,000) settled by equal monthly instalments. The Licence Deed is expected to be terminated once the disposal of the Hotel Property has been completed.

On 7 May 2008, Pacific Resort served the put option advance settlement notice to the Acquirer to exercise the put option as granted in the Option Deed. The completion date of the disposal is fixed on 4 September 2008.

(c) On 11 January 2008, OPC entered into a legally binding provisional sale and purchase agreement with an independent third party for dispose of a leasehold land and an investment property situated in Hong Kong, carried at carrying amounts of HK$5,727,000 and HK$132,000,000 respectively, at a consideration of HK$525,000,000 on the completion date on or before 30 April 2008. On 30 April 2008, the cancellation agreement was signed by both parties for the purpose of cancelling the provisional sale and purchase agreement.

On the same date, the Company entered into a sale and purchase agreement with a related party of the independent third party for disposing of OPC, at a consideration of approximately HK$515,600,000 as the controlling party of the purchaser decided to purchase the Group's entire equity interest in OPC directly instead of the investment property. As the disposal of OPC is subsequent to the balance sheet date, no relevant assets and liabilities relating to the disposal of OPC, except for the investment property, have been classified as non-current assets held for sale and liabilities associated with those assets.

24. NON-CURRENT ASSETS HELD FOR SALE *(Continued)*

The assets and liabilities attributable to the disposal plans as mentioned above, which are expected to be sold within twelve months, have been classified as non-current assets classified as held for sale and liabilities associated with those assets and presented separately in the balance sheet.

The major classes of assets and liabilities at 31 March 2008 which are classified as held for sale are as follows:

	The Group
	2008
	HK$'000
Assets	
Leasehold land *(Note 16)*	**5,727**
Investment properties *(Note 17)*	**305,680**
Non-current assets classified as held for sale	**311,407**
Liabilities	
Deferred tax liabilities *(Note 29)*	**16,064**
Liabilities associated with assets classified as held for sale	**16,064**
Net assets classified as held for sale	**295,343**

At 31 March 2008, the carrying amount of leasehold land was not impaired as the net proceed of disposal is expected to exceed the net carrying amount.

Investment property situated in Australia which classified as held for sale was revalued at 31 March 2008 by the Directors with reference to the estimated market value. The Directors are of the opinion that the estimated market value approximates the consideration of the disposal.

The Hotel Property and investment property situated in Hong Kong which classified as held for sale were revalued at 31 March 2008 by Knight Frank and DTZ respectively. Valuations were based on the property's open market value on 31 March 2008. The properties have been valued by making reference to comparable sales evidence as available in the relevant market and where appropriate, by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the respective properties as at the reporting date.

At 31 March 2008, the leasehold land is held on leases within 50 years in Hong Kong. Included in investment properties are freehold premises at carrying value amounted to HK$173,680,000 in Australia.

25. TRADE PAYABLES

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

	The Group	
	2008	2007
	HK$'000	*HK$'000*
0 – 60 days	**84,814**	46,672
61 – 90 days	**1,281**	1,940
Over 90 days	**6,973**	15,399
	93,068	64,011

	The Company	
	2008	2007
	HK$'000	*HK$'000*
0 – 60 days	**202**	10

26. OTHER CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Other creditors	**62,689**	63,360
Accruals	**83,775**	85,968
Deposits received	**72,779**	14,443
	219,243	163,771

	The Company	
	2008	2007
	HK$'000	*HK$'000*
Other creditors	**1,399**	1,375
Accruals	**4,895**	4,895
	6,294	6,270

At 31 March 2008, the Group's deposits received included a deposit of HK$52,500,000 in respect of the disposal of leasehold land and investment property as mentioned in note 24(c). The deposit has been refunded on 30 April 2008 as the cancellation of the provisional sale and purchase agreement.

27. BORROWINGS

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Borrowings wholly repayable within five years:		
– Bank loan	**93,149**	82,519
– Other loan	**7,449**	6,442
– Obligations under finance leases	**3,196**	–
	103,794	88,961
Less: Current portion due within one year included under current liabilities		
– Bank loan	**93,149**	82,519
– Other loan	**7,449**	6,442
– Obligations under finance leases	**499**	–
	101,097	88,961
Non-current portion included under non-current liabilities		
– Bank loan	**–**	–
– Other loan	**–**	–
– Obligations under finance leases	**2,697**	–
	2,697	–

At 31 March 2008, the bank loan denominated in AUD was secured by a pledged bank deposit of the Group amounting to HK$116,437,000 (2007: HK$107,277,000) (Note 23) and bore interests at variable rate of AUD's LIBOR plus 0.3% (2007: AUD's LIBOR plus 0.3%).

At 31 March 2008, other loan denominated in AUD, which was made by a minority shareholder of a subsidiary of the Company, was unsecured, interest bearing at 4% per annum and repayable on demand.

The carrying amounts of borrowings approximate their fair value.

27. BORROWINGS *(Continued)*

The analysis of the obligations under finance leases is as follows:

	Minimum lease payments		Present value of Minimum lease payments	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Obligation under finance leases:				
Due within one year	**987**	–	**499**	–
Due in the second to fifth years	**3,455**	–	**2,697**	–
	4,442	–	**3,196**	–
Less: future finance charges on finance lease	**(1,246)**	–		
Present value of lease obligations	**3,196**	–		
Less: Amount due for settlement within one year included under current liabilities			**(499)**	–
Amount due for settlement in the second to the fifth years included under non-current liabilities			**2,697**	–

The Group has entered into finance leases for certain plant, machinery and printing equipments. The leases run for a period of five years and do not have an option to renew the lease terms. All leases are on a fixed repayment basis and no arrangements have been entered into for any contingent rental provisions. Under the terms of lease, the Group has the option to purchase the lease assets at a price that is expected to be sufficiently lower than the fair value of the leased asset at the end of the lease.

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets and are all denominated in Hong Kong dollars.

28. SHARE CAPITAL

	2008 and 2007	
	Number of shares	*HK$'000*
Ordinary shares of HK$0.25 each		
Authorised:		
At beginning and end of the year	**5,000,000,000**	1,250,000
Issued and fully paid:		
At beginning and end of the year	**2,397,917,898**	599,479

29. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable tax rates at balance sheet date in the tax jurisdiction concerned.

The movement in deferred tax assets and liabilities during the year is as follows:

The Group

	Accelerated tax depreciation *HK$'000*	Revaluation of properties *HK$'000*	Tax losses *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1 April 2006	93,911	13,810	(38,213)	350	69,858
(Credited)/ Charged to income statement	(6,536)	(426)	4,372	(35)	(2,625)
Exchange difference	–	–	(432)	19	(413)
Charged to equity	–	1,920	–	–	1,920
At 31 March 2007 and 1 April 2007	87,375	15,304	(34,273)	334	68,740
Charged to income statement	1,458	1,709	7,573	70	10,810
Reclassification as non-current assets held for sale *(Note 24)*	–	(16,064)	–	–	(16,064)
Exchange difference	–	(913)	(4)	–	(917)
Charged to equity	–	5,103	–	–	5,103
At 31 March 2008	**88,833**	**5,139**	**(26,704)**	**404**	**67,672**

The Company

	Accelerated tax depreciation *HK$'000*
At 1 April 2006	829
Credited to income statement	(319)
At 31 March 2007 and 1 April 2007	510
Credited to income statement	(352)
At 31 March 2008	**158**

29. DEFERRED TAXATION *(Continued)*

The following is the analysis of the deferred tax balances for financial reporting purposes:

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deferred tax liabilities	**92,436**	100,595	**158**	510
Deferred tax assets	**(24,764)**	(31,855)	**–**	–
	67,672	68,740	**158**	510

The deferred tax charged to equity during the year is as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Fair value reserves in equity:				
– buildings	**5,103**	1,920	**–**	–

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. This tax loss has no expiry date. The Group has unrecognised tax losses of approximately HK$2,598,000 (2007: HK$2,598,000) due to the unpredictability of the future profit streams.

30. RESERVES

The Company

	Share premium HK$'000 (Note)	Retained profits HK$'000 (Note)	Proposed dividends HK$'000	Total HK$'000
At 1 April 2006	814,485	624,723	59,948	1,499,156
Profit for the year	–	119,266	–	119,266
Total recognised income and expense for the year	–	119,266	–	119,266
2006 final and special dividends paid	–	–	(59,948)	(59,948)
Proposed 2007 final dividend *(Note 11)*	–	(95,917)	95,917	–
At 31 March 2007 and 1 April 2007	814,485	648,072	95,917	1,558,474
Profit for the year	–	211,385	–	211,385
Total recognised income and expense for the year	–	211,385	–	211,385
2007 final dividend paid	–	–	(95,917)	(95,917)
2008 interim dividend paid	–	(59,948)	–	(59,948)
Proposed 2008 final dividend *(Note 11)*	–	(203,823)	203,823	–
At 31 March 2008	**814,485**	**595,686**	**203,823**	**1,613,994**

Note: These reserve accounts comprise the reserves of HK$1,410,171,000 (2007: HK$1,462,557,000) in the balance sheet of the Company.

31. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group paid legal fees amounting to HK$1,445,000 (2007: HK$1,543,000) to Messrs. Iu, Lai & Li. Mr. Dominic LAI, a non-executive director of the Company, is a senior partner of Messrs. Iu, Lai & Li, during the year. The transaction prices were considered by the Directors as estimated market value.

32. OPERATING LEASE COMMITMENTS

At 31 March 2008, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2008	2007
	HK$'000	*HK$'000*
Within one year	**3,373**	2,355
In the second to fifth years	**1,265**	1,320
	4,638	3,675

The Group leases a number of premises under operating leases. The leases run for an initial period of one to two years, with an option to renew the lease terms and negotiated the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

33. OPERATING LEASE ARRANGEMENTS

At 31 March 2008, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment properties (including those reclassified as non-current assets held for sale) as follows:

	2008	2007
	HK$'000	*HK$'000*
Within one year	**28,240**	6,703
In the second to fifth years	**64,973**	8,031
Later than fifth years	**7,063**	–
	100,276	14,734

The Group leases its investment properties (Note 17) under operating lease arrangements which run for an initial period of two to three years, with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. The terms of the leases generally also require the tenants to pay security deposits. None of the leases include contingent rentals receivable.

Certain investment properties of the Group held for rental purposes reclassified as non-current assets held for sale during the year. The future aggregate minimum lease receipts under non-cancellable operating leases of these investment properties were approximately HK$98,365,000 (2007: HK$14,734,000)

34. CAPITAL COMMITMENTS

	The Group	
	2008	2007
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the financial statements	**588**	387

The Company has no capital commitments at the balance sheet date.

35. CONTINGENT LIABILITIES

The Company has executed guarantees amounting to approximately HK$526,400,000 (2007: HK$560,400,000) with respect to banking facilities granted to subsidiaries. Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the loan. At the balance sheet date, the guarantees were utilised to the extent of approximately HK$704,000 (2007: HK$7,553,000). No provision for the Company's obligation under the guarantee contract has been made as the Directors considered that it was not probable that the repayment of the loan would be in default.

36. RETIREMENT BENEFIT SCHEME

The employees of the Group in Hong Kong were covered under 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 HK$21,830,000 (2007: HK$22,884,000).

37. 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 still uncertain as of the date of these financial statements, the Directors are of the opinion that the respective ultimate liability, if any, will not have a material adverse impact upon the Group's financial position.

38. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. As at 31 March 2008, the Group's net debt-to-adjusted capital ratio is zero (2007: zero). For the purpose of calculating the net debt-to-adjusted capital ratio, the Group defines net debt as total liabilities excluding deferred tax liabilities less cash and cash equivalents, and adjusted capital as all components of equity excluding proposed dividends.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the Directors meet periodically to analyse and formulate measures to manage the Group's exposure to credit risk, liquidity risk and market risk, including principally changes in interest rates, currency exchange rates and fair value of financial instruments.

The Group is not actively engaged in the trading of financial assets for speculative purpose. The most significant financial risks to which the Group is exposed are described below. See also note 39(f) for a summary of financial assets and liabilities by category.

(a) Currency risk

The Group mainly operates in Hong Kong and most of the Group's transactions are carried out in HK$. The Group is exposed to foreign currency risk on transaction that is in a currency other than the respective functional currency of the Group entities. The currencies giving rise to this risk are primarily US$ and AUD. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure where appropriate.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Currency risk *(Continued)*

The following table details the Group's exposure at the balance sheet date to currency risk arising from recongised financial assets or liabilities denominated in a currency other than the functional currency of the Group entities to which they relate.

	2008		2007	
	US$'000	***AUD'000***	*US$'000*	*AUD'000*
Cash and bank balances	**139,615**	**493**	113,804	106
Borrowings	**–**	**(13,140)**	–	(13,140)
Net exposure	**139,615**	**(12,647)**	113,804	(13,034)

Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax (and retained profits) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rate to which the Group has significant exposure at the balance sheet date.

	2008		2007	
	Other components of consolidated equity	**Profit or Loss**	Other components of consolidated equity	Profit or Loss
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
AUD	**–**	**(7,399)**	–	(6,592)

The sensitivity analysis has been determined assuming that the reasonably possible change in foreign exchange rate had occurred at the balance sheet date and had been applied to each of the group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rate, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date with reference to the historical trend of AUD against HK$. A 10% strengthening of AUD against HK$ at the reporting date would decrease equity and profit or loss by the amount shown above.

A 10% weakening of AUD against HK$ would have had the equal but opposite effect on the above currencies to the amounts shown above. The analysis is performed on the same basis for 2007.

For currency risk exposure to US$, it is assumed that the pegged rate between the US$ and HK$ would not be materially affected.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk

The Group's credit risk is primarily attributable to trade receivables and other debtors and bank deposits. The Group's exposures to these credit risks are monitored on an ongoing basis.

The Group has little concentration of credit risk arising from its ordinary course of business due to its relatively large customer base.

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external reports on customers and other counterparties are obtained and used.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade receivables and other debtors, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered minimal, since the counterparties are reputable banks with high quality of external credit ratings.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 21.

(c) Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's bank balances which generate interest income for the Group and the Group's floating interest rates borrowings. The Group does not actively engaged in derivative financial instruments to hedge its interest rate risk.

The following table details the interest rate profile of the Group's deposits and borrowings at the balance sheet date.

	The Group			
	2008		2007	
	Effective interest rate	***HK$'000***	Effective interest rate	*HK$'000*
Variable rate bank deposits:				
Cash and bank balances	**1.75% – 6%**	**1,467,209**	1.0% – 5.5%	1,203,779
Variable rate borrowings:				
Bank loans	**6.96% – 7.37%**	**(93,149)**	5.53% – 5.83%	(82,519)
Net exposure		**1,374,060**		1,121,260

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Interest rate risk *(Continued)*

Sensitivity analysis

At 31 March 2008, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax and retained profits by approximately HK$1,134,000 (2007: HK$925,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments at the balance sheet date. The 100 basis points increase or decrease represents management's assessment of reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

(d) Fair value

The fair value of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities as at balance sheet date, based on the contracted undiscounted amounts, is as follows:

		The Group Contractual undiscounted cash flow				
	Carrying amount	Total	On demand	Less than 6 months	6 to less than 12 months	1 to 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2008						
Trade payables	93,068	93,068	93,068	–	–	–
Other creditor and accruals	146,464	146,464	146,464	–	–	–
Borrowings	103,794	108,300	7,449	96,903	493	3,455
	343,326	347,832	246,981	96,903	493	3,455

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(e) Liquidity risk *(Continued)*

		The Group Contractual undiscounted cash flow				
	Carrying amount *HK$'000*	Total *HK$'000*	On demand *HK$'000*	Less than 6 months *HK$'000*	6 to less than 12 months *HK$'000*	1 to 5 years *HK$'000*
At 31 March 2007						
Trade payables	64,011	64,011	64,011	–	–	–
Other creditors and accruals	149,328	149,328	149,328	–	–	–
Borrowings	88,961	90,559	6,442	84,117	–	–
	302,300	303,898	219,781	84,117	–	–

(f) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at balance sheet dates may be categorised as follows. See note 3(m) and 3(s) for explanations about how the classification of financial instruments affects their subsequent measurement.

	The Group	
	2008 ***HK$'000***	2007 *HK$'000*
Financial assets		
Available-for-sale financial asset	**4,745**	4,745
Loans and receivables:		
Trade receivables	**263,415**	248,855
Other debtors	**5,962**	6,462
Cash and bank balances	**1,467,209**	1,203,779
	1,741,331	1,463,841
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	**93,068**	64,011
Other creditors and accruals	**146,464**	149,328
Borrowings	**103,794**	88,961
	343,326	302,300

Five Year Financial Summary

	For the year ended 31 March				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	2,031,854	2,024,323	1,904,039	1,798,808	**1,835,604**
Profit attributable to equity holders of the Company	439,572	302,222	126,583	123,068	**311,586**

	As at 31 March				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	3,060,808	3,053,767	2,922,401	3,019,137	**3,318,159**
Total liabilities	(425,093)	(448,970)	(407,530)	(421,888)	**(532,644)**
Minority interest	–	(872)	(1,934)	(2,554)	**(4,112)**
Total net assets	2,635,715	2,603,925	2,512,937	2,594,695	**2,781,403**

Schedule of Major Properties

Details of the Group's major properties as at 31 March 2008 are as follows:

Land and buildings

Location	Approximate floor area	Category	Lease term	Group interest	Existing use
Oriental Press Centre 23 Dai Cheong Street Tai Po Industrial Estate Tai Po Hong Kong	490,000 Sq ft	Industrial	Medium-term	100%	Own use
Oriental News Building 7 Wang Tai Road Kowloon Bay Hong Kong	330,000 Sq ft	Industrial	Medium-term	100%	Investment property (reclassified as non-current assets held for sale)
Mercure Hotel Ultimo 383 Bulwara Road Ultimo 2007 Sydney Australia	24,000 Sq ft (site area)	Commercial	Freehold	90%	Hotel operation (reclassified as non-current assets held for sale)
Rodeo Plaza 2 Short Street Double Bay NSW Australia	8,000 Sq ft	Commercial	Freehold	100%	Investment property (reclassified as non-current assets held for sale)
35-39 Bay Street Double Bay NSW Australia	8,000 Sq ft	Commercial	Freehold	100%	Investment property