



東方報業集團有限公司
ORIENTAL PRESS GROUP LTD

(Stock Code : 18)



Interim Report
2009

The Directors of Oriental Press Group Limited (the “Company”) announce that the unaudited consolidated results for the six months ended 30 September 2009 of the Company and its subsidiaries (collectively known as the “Group”), together with the comparative figures for the corresponding period of the previous year, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

		Six months ended	
		30.9.2009	30.9.2008
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue		757,465	873,744
Other income		64,118	37,787
Raw materials and consumables used		(244,281)	(319,917)
Staff costs including directors' emoluments		(315,232)	(343,944)
Depreciation		(30,987)	(35,120)
Other operating expenses		(74,287)	(107,615)
Fair value adjustment on investment properties		–	(16,746)
Net gain on disposal of property, plant and equipment		1,042	569
Gain on disposal of a subsidiary		–	398,824
Profit from operations		157,838	487,582
Finance costs		(692)	(6,573)
Profit before income tax		157,146	481,009
Income tax expense	4	(13,909)	(5,488)
Profit for the period		143,237	475,521
Other comprehensive income/(loss)			
– Exchange gain/(loss) on translation of financial statements of foreign operations		863	(2,656)
Other comprehensive income/(loss) for the period		863	(2,656)
Total comprehensive income for the period		144,100	472,865

		Six months ended	
		30.9.2009	30.9.2008
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$'000	HK\$'000
Profit for the period attributable to:			
	Equity holders of the Company	143,161	475,543
	Minority interest	76	(22)
		143,237	475,521
Total comprehensive income attributable to:			
	Equity holders of the Company	143,848	473,253
	Minority interest	252	(388)
		144,100	472,865
Dividend			
		5	
	Interim dividend	–	23,979
	Special dividend	–	119,896
		–	143,875
Earnings per share for profit attributable to equity holders of the Company during the period			
		6	
	– Basic	HK5.97 cents	HK19.83 cents
	– Diluted	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2009

	Notes	30.9.2009 (Unaudited) HK\$'000	31.3.2009 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	7	830,474	857,753
Leasehold land		29,541	29,935
Investment properties	8	262,556	201,830
Available-for-sale financial asset		4,745	4,745
Deferred tax assets		53,486	47,232
		<u>1,180,802</u>	<u>1,141,495</u>
Current assets			
Inventories		71,695	79,422
Trade receivables	9	237,705	210,549
Other debtors, deposits and prepayments		15,476	11,535
Taxation recoverable		35,406	35,406
Cash and cash equivalents		1,543,302	1,516,379
		<u>1,903,584</u>	<u>1,853,291</u>
Current liabilities			
Trade payables	10	32,615	49,327
Other creditors, accruals and deposits received		131,786	92,996
Taxation payable		18,259	2,808
Borrowings	11	7,896	6,208
		<u>190,556</u>	<u>151,339</u>
Net current assets		<u>1,713,028</u>	<u>1,701,952</u>
Total assets less current liabilities		<u>2,893,830</u>	<u>2,843,447</u>
Non-current liabilities			
Borrowings	11	3,231	3,672
Deferred tax liabilities		70,510	67,869
		<u>73,741</u>	<u>71,541</u>
Net assets		<u>2,820,089</u>	<u>2,771,906</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	12	599,479	599,479
Reserves		2,218,644	2,074,796
Proposed dividends		–	95,917
		<u>2,818,123</u>	<u>2,770,192</u>
Minority interest		<u>1,966</u>	<u>1,714</u>
Total equity		<u>2,820,089</u>	<u>2,771,906</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Exchange reserve	Properties revaluation reserve	Retained profits	Proposed dividend	Total	Minority interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008	599,479	814,485	28,633	90,621	1,044,362	203,823	2,781,403	4,112	2,785,515
Transfer upon disposal of a subsidiary	-	-	-	(47,889)	47,889	-	-	-	-
Dividends paid	-	-	-	-	-	(203,823)	(203,823)	-	(203,823)
Transactions with equity holders	-	-	-	(47,889)	47,889	(203,823)	(203,823)	-	(203,823)
Profit for the period	-	-	-	-	475,543	-	475,543	(22)	475,521
Other comprehensive income	-	-	-	-	-	-	-	-	-
- Exchange loss on translation of financial statements of foreign operations	-	-	(2,290)	-	-	-	(2,290)	(366)	(2,656)
Total comprehensive income for the period	-	-	(2,290)	-	475,543	-	473,253	(388)	472,865
At 30 September 2008 (unaudited)	<u>599,479</u>	<u>814,485</u>	<u>26,343</u>	<u>42,732</u>	<u>1,567,794</u>	<u>-</u>	<u>3,050,833</u>	<u>3,724</u>	<u>3,054,557</u>
At 1 April 2009	599,479	814,485	18,180	9,700	1,232,431	95,917	2,770,192	1,714	2,771,906
Dividends paid	-	-	-	-	-	(95,917)	(95,917)	-	(95,917)
Transactions with equity holders	-	-	-	-	-	(95,917)	(95,917)	-	(95,917)
Profit for the period	-	-	-	-	143,161	-	143,161	76	143,237
Other comprehensive income	-	-	-	-	-	-	-	-	-
- Exchange gain on translation of financial statements of foreign operations	-	-	687	-	-	-	687	176	863
Total comprehensive income for the period	-	-	687	-	143,161	-	143,848	252	144,100
At 30 September 2009 (unaudited)	<u>599,479</u>	<u>814,485</u>	<u>18,867</u>	<u>9,700</u>	<u>1,375,592</u>	<u>-</u>	<u>2,818,123</u>	<u>1,966</u>	<u>2,820,089</u>

Note: These reserve accounts comprise the consolidated reserves of HK\$2,218,644,000 (31 March 2009: HK\$2,074,796,000) in the condensed consolidated statement of financial position of the Group.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

	Six months ended	
	30.9.2009 (Unaudited) HK\$'000	30.9.2008 (Unaudited) HK\$'000
Net cash generated from/(used in) operating activities	132,241	(7,826)
Net cash used in investing activities	(7,305)	(104,965)
Net cash used in financing activities	(96,166)	(107,101)
Increase/(Decrease) in cash and cash equivalents	28,770	(219,892)
Cash and cash equivalents at beginning of the period	1,516,379	1,350,772
Effect of changes in foreign exchange rate	(1,847)	(6,354)
Cash and cash equivalents at end of the period	<u>1,543,302</u>	<u>1,124,526</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2009, except for the adoption of the new or amended Hong Kong Financial Reporting Standards (“HKFRSs”), which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Int”) as disclosed below.

In the current period, the Group has applied for the first time the following new or amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual financial period beginning on 1 April 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendment)	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
Various	Annual Improvements to HKFRSs 2008

Other than as noted below, the adoption of these new or amended HKFRSs did not change the Group’s accounting policies as followed in the preparation of the Group’s financial statements for the year ended 31 March 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKAS 1 (Revised 2007) – Presentation of Financial Statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". Comparatives have been restated to conform with the revised standard.

Adoption of new or amended HKFRSs

The Group has not early adopted the following new and amended HKFRSs, which have been published but are not yet effective:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Rights Issues ⁴
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 2 (Amendment)	Group Cash-Settled Share-Based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – Int 18	Transfer of Assets from Customers ²
Various	Annual Improvements to HKFRS 2009 ⁵

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for transfer received on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 January 2010

⁴ Effective for annual periods beginning on or after 1 February 2010

⁵ Generally effective for annual periods beginning on or after 1 January 2010 unless otherwise stated in the specific HKFRS

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

3. SEGMENT INFORMATION

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the Company's directors, being the chief operating decision makers. The chief operating decision makers assess segment profit or loss using a measure of operating profit. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

On adoption of HKFRS 8, based on the regular internal financial information reported to the Group's chief operating decision makers for their decisions about resources allocation to the Group's business components and review of these components' performance, the Group has identified only one reportable operating segment, publication of newspapers. Accordingly, segment disclosures are not presented.

4. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2008: 16.5%) of the estimated assessable profit for the period.

	Six months ended	
	30.9.2009	30.9.2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax for the period	15,451	15,058
Deferred taxation:		
Current year	(1,542)	(5,555)
Effect on change in tax rate	–	(4,015)
	<u>(1,542)</u>	<u>(9,570)</u>
	<u>13,909</u>	<u>5,488</u>

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

5. DIVIDEND

The Directors have resolved not to pay interim dividend for the six months ended 30 September 2009 (six months ended 30 September 2008: interim dividend of HK1 cent per share and special dividend of HK5 cents per share).

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of approximately HK\$143,161,000 (six months ended 30 September 2008: HK\$475,543,000) and on 2,397,917,898 (six months ended 30 September 2008: 2,397,917,898) ordinary shares in issue during the period.

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

7. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired plant and equipment of approximately HK\$6,233,000. Property, plant and equipment with carrying amount of HK\$2,919,000 were disposed of during the period.

At 30 September 2009, the carrying amounts of the Group's freehold land and buildings were stated at fair value, which was determined by the Directors with reference to the estimated market value.

8. INVESTMENT PROPERTIES

During the period, the Group incurred renovation cost on investment properties of approximately HK\$6,416,000. No addition or disposal of investment properties were made during the period.

At 30 September 2009, the carrying amounts of the Group's investment properties were stated at fair value, which was determined by the Directors with reference to the estimated market value.

9. TRADE RECEIVABLES

The Group allows an average credit of 90 days to its trade customers and no interest is charged. All trade receivables are denominated in HK\$ 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 dates of the statement of financial position:

	30.9.2009 (Unaudited) HK\$'000	31.3.2009 (Audited) HK\$'000
0–60 days	123,693	97,426
61–90 days	47,918	42,506
Over 90 days	66,094	70,617
	237,705	210,549

10. TRADE PAYABLES

The following is an aged analysis of trade payables at the dates of the statement of financial position:

	30.9.2009 (Unaudited) HK\$'000	31.3.2009 (Audited) HK\$'000
0–60 days	28,940	47,259
61–90 days	3,005	938
Over 90 days	670	1,130
	32,615	49,327

11. BORROWINGS

	30.9.2009 (Unaudited) HK\$'000	31.3.2009 (Audited) HK\$'000
Borrowings wholly repayable within five years:		
– Other loan	7,109	5,613
– Obligations under finance leases	4,018	4,267
	<u>11,127</u>	<u>9,880</u>
Less: Current portion due within one year included under current liabilities		
– Other loan	7,109	5,613
– Obligations under finance leases	787	595
	<u>7,896</u>	<u>6,208</u>
Non-current portion included under non-current liabilities		
– Obligations under finance leases	<u>3,231</u>	<u>3,672</u>

At 30 September 2009, 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 (six months ended 30 September 2008: 4% per annum) and repayable on demand.

The carrying amounts of borrowings approximate their fair value.

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

	Minimum lease payments		Present value of minimum lease payments	
	30.9.2009 (Unaudited) HK\$'000	31.3.2009 (Audited) HK\$'000	30.9.2009 (Unaudited) HK\$'000	31.3.2009 (Audited) HK\$'000
Obligation under finance leases:				
Due within one year	1,880	1,880	787	595
Due in the second to fifth years	4,329	5,269	3,231	3,672
	<u>6,209</u>	7,149	<u>4,018</u>	4,267
Less: future finance charges on finance lease	(2,191)	(2,882)		
Present value of lease obligations	<u>4,018</u>	<u>4,267</u>		
Less: Amount due for settlement within one year included under current liabilities			<u>(787)</u>	<u>(595)</u>
Amount due for settlement in the second to the fifth years included under non-current liabilities			<u>3,231</u>	<u>3,672</u>

11. BORROWINGS (Continued)

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 HK\$.

12. SHARE CAPITAL

	30.9.2009 (Unaudited) HK\$'000	31.3.2009 (Audited) HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.25 each	<u>1,250,000</u>	<u>1,250,000</u>
Issued and fully paid:		
2,397,917,898 ordinary shares of HK\$0.25 each	<u>599,479</u>	<u>599,479</u>

13. OPERATING LEASE COMMITMENTS

At the dates of statement of financial position, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	30.9.2009 (Unaudited) HK\$'000	31.3.2009 (Audited) HK\$'000
Within one year	2,200	2,913
In the second to fifth years	<u>570</u>	<u>–</u>
	<u>2,770</u>	<u>2,913</u>

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.

14. OPERATING LEASE ARRANGEMENTS

At the dates of statement of financial position, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment properties as follows:

	30.9.2009 (Unaudited) HK\$'000	31.3.2009 (Audited) HK\$'000
Within one year	4,613	1,362
In the second to fifth years	7,446	1,405
	12,059	2,767

The Group leases its investment properties under operating lease arrangements which run for an initial period of one to five years, with and without 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.

15. RELATED PARTY TRANSACTIONS

The Group paid legal fees amounting to approximately HK\$2,354,000 (six months ended 30 September 2008: HK\$2,479,000) to Messrs. lu, Lai & Li. Mr. Dominic LAI, a non-executive director of the Company, is a senior partner of Messrs. lu, Lai & Li during the period. The transaction prices were considered by the Directors as estimated market value.

16. CAPITAL COMMITMENTS

	30.9.2009 (Unaudited) HK\$'000	31.3.2009 (Audited) HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for in the financial statements	2,247	9,683

17. OUTSTANDING LITIGATIONS

At the dates of statement of financial position, there have been several outstanding defamatory and other 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 interim 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.

18. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved by the Board of Directors on 4 December 2009.

RESULTS

For the six months ended 30 September 2009, the Group's unaudited consolidated profit attributable to equity holders of the Company amounted to HK\$143,161,000, taking into account of foreign exchange gain of HK\$55,360,000 arising on overseas operations. The Group's operating profit before such gain for the period was HK\$87,801,000.

DIVIDEND

As the market situation is still unstable and a substantial part of the Group's profit for the period under review is derived from unrealized foreign exchange gain on overseas operations, the Directors have decided not to pay any interim dividend for the six months ended 30 September 2009 (six months ended 30 September 2008: interim dividend of HK1 cent per share and special dividend of HK5 cents per share).

BUSINESS REVIEW

"Oriental Daily News" has continued to be the best-selling and most widely read newspaper in Hong Kong for 33 consecutive years. Based on the findings of Oracle Added Value, an international marketing research company, "Oriental Daily News" readership hit 3,035,533 in June 2008. In parallel with delivering latest information in the fastest manner possible, we stayed firm on our principle to serve as the mouthpiece of the general public and speak out in case of injustice. As such, "Oriental Daily News" has won itself the name of "The Paper for Hong Kong". During the period under review, circulation and advertising volume of "Oriental Daily News" remained stable.

"The Sun" is holding fast as the third best-selling Chinese paper in Hong Kong. Based on the findings of Oracle Added Value, readership of "The Sun" hit 1,011,844 in June 2008. "The Sun" is known for its bold, outspoken, daring and aggressive style reporting. During the period under review, "The Sun" revamped the layout and content with expansion of lifestyle and entertainment sections, reflecting its young and energetic style. Indeed, daily headlines picked by "The Sun" often arouse public awareness; and earned the praise of its young readers and support of the advertisers.

"on.cc", being aggressive as always, co-operated with the Hong Kong Stock Exchange to provide in October 2009 free real-time stock quotes through the Money18 website money18.on.cc, marking the end of the quote-delay era. Money18 now provides users with the latest and fullest instant financial news in 24/7 approach which is user friendly. With clear market positioning, "on.cc" is capable to satisfy market needs. Upon its launch, the numbers of audience as well as advertising revenue have quickly surged several folds. The significant growth in advertising effectiveness is evidence of the triple win result for the website, audience and advertisers. "on.cc", one of the most popular websites for advertisers, continued to be a key platform for various brands to capture largest target audience online. Upon the completion of the layout revamp of both "orientaldaily.on.cc" and "the-sun.on.cc" in April and May this year respectively, the numbers of readers continued to grow. "on.cc" served as a round-the-clock complement to "Oriental Daily News" and "The Sun", additional readers and audiences were attracted. An example was the report on Gary Chaw, a pop singer, who was involved in a street brawl in September which instantly became talk of the town; our two newspapers augmented print coverage with live-on-video in full on "on.cc", such multi-layer reporting approach by combining traditional and new media completely realized the synergy effects, and our "multiple platforms", which include two newspapers, one online portal and one online TV channel, allowed us to produce quality content with new media at low cost.

“ontv”, our online TV channel, has been undertaking a series of reforms in order to cater for the taste and click-to-view habit of a new generation of audience in addition to uploading more daily news video clips. During the period under review, viewership has continued to grow, monthly non-repeat visitors surged to over 1 million. Many traditional TV advertisers has started to turn to “ontv” as a must-use TV advertising tool, by which to expand their target audience through product, channel, interface and program sponsorships.

On overseas investments, the hotel properties and commercial buildings held by the Group continued to bring in steady rental income.

BUSINESS OUTLOOK

By diversifying the content of “ontv” and improving infrastructure of our website, the Group will continue to deepen cooperation between the two newspapers and the online portal, with the aim of achieving effective internet penetration. As a result, not only will our advertisers be provided with one-stop services, but also easier for them to capture target audiences through our website service.

In the second half of this year, the global economy held steady and showed signs of recovery after the financial tsunami that swept across world economies past year. Benefited from PRC’s economic stimulus measures, consumer confidence in Hong Kong has gradually rose, resulting in growth in advertising revenue of our two newspapers. However, due to uncertainties in the global economy, in particular the anticipation of withdrawal of fiscal stimuli by the West, confidence in financial markets could be adversely affected. As such, the possibility of return of economic slowdown and even recession cannot be discounted. Accordingly, we expect a lot of challenges ahead. In addition, signs of saturation in Hong Kong media industry imply a limited room for our “multiple platforms” to grow. To diversify our business, we will find new areas of development, both locally and internationally, exploring new business opportunities and attracting talents so as to consolidate and fortify our strength.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital at 30 September 2009 amounted to HK\$1,713,028,000 (31 March 2009: HK\$1,701,952,000), which includes time deposits, bank balances and cash amounting to HK\$1,543,302,000 (31 March 2009: HK\$1,516,379,000).

At 30 September 2009, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 0.4% (31 March 2009: 0.4%).

During the period, the Group’s capital expenditure was approximately HK\$12,649,000.

EMPLOYEES

At 30 September 2009, the Group employed 2,148 employees. Remuneration for employees including medical benefits is determined based on industry practice, performance and working experience of the employees, and the current market conditions. The Group has implemented a training scheme to nurture a new generation of journalists.

EXPOSURE TO FOREIGN EXCHANGE

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.

CORPORATE GOVERNANCE

The Audit Committee of the Company has reviewed the unaudited interim financial statements for the six months ended 30 September 2009 and has no disagreement with the accounting treatment adopted.

The Remuneration Committee of the Company comprises two independent non-executive directors. They are responsible to the Board for setting policy on the Group's emoluments and for considering and reviewing the remuneration packages of all directors and senior management.

The Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules on the Stock Exchange throughout the six months ended 30 September 2009 save that the independent non-executive directors are not appointed for a specific term of office.

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 six months ended 30 September 2009.

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

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

At 30 September 2009, 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

Name of Director	Capacity	Number of ordinary shares held				Total	Percentage of Shareholding
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Ching-fat MA	Trustee of a discretionary trust	-	-	-	1,857,263,284 <i>(Note)</i>	1,857,263,284	77.45%
Ching-choi MA	One of the beneficiaries of a discretionary trust	-	-	-	1,857,263,284 <i>(Note)</i>	1,857,263,284	77.45%
Shun-chuen LAM	Founder of a discretionary trust	-	-	-	1,857,263,284 <i>(Note)</i>	1,857,263,284	77.45%

Note:

Such 1,857,263,284 shares are held by Ever Holdings Limited (holding 461,119,364 shares), Tarbela Company Limited (holding 681,037,500 shares), Tarboca Company Limited (holding 360,328,020 shares) and Sermost Limited (holding 354,778,400 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 1,857,263,284 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 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, the chief executive or their associates had, as at 30 September 2009, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its above-mentioned associated corporation, or had exercised any such rights.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

At 30 September 2009, 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	1,857,263,284 (Note)	77.45%
Wonderful Star Limited	Interest of controlled corporations	1,857,263,284 (Note)	77.45%
Magicway Investment Limited	Interest of controlled corporations	1,857,263,284 (Note)	77.45%
Ever Holdings Limited	Beneficial owner and interest of controlled corporations	1,857,263,284 (Note)	77.45%
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	354,778,400 (Note)	14.80%
Mui-fong HUNG	Interest of spouse	1,857,263,284 (Note)	77.45%
Maria Lai-chun CHAN	Interest of spouse	1,857,263,284 (Note)	77.45%

Note:

Such 1,857,263,284 shares are held by Ever Holdings Limited (holding 461,119,364 shares), Tarbela Company Limited (holding 681,037,500 shares), Tarboca Company Limited (holding 360,328,020 shares) and Sermost Limited (holding 354,778,400 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.

DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS UNDER RULES 13.51(2) AND 13.51B(1) OF THE LISTING RULES

Mr. Yat-fai LAM, an Independent Non-executive Director of the Company, ceased to be an independent non-executive director of New Smart Energy Group Limited (Stock Code: 91) with effect from 31 July 2009.

On behalf of the Board
Ching-fat MA
Chairman

Hong Kong, 4 December 2009

As at the date hereof, the Board comprises seven directors, of which three are executive directors, namely, Mr. Ching-fat MA (Chairman), Mr. Ching-choi MA (Vice-Chairman) and Mr. Shun-chuen LAM (Chief Executive Officer), one non-executive director, namely, Mr. Dominic LAI and three independent non-executive directors, namely, Mr. Yau-nam CHAM, Mr. Ping-wing PAO and Mr. Yat-fai LAM.