



東方報業集團有限公司

ORIENTAL PRESS GROUP LTD

(Stock Code : 18)



Annual Report  
2010

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# 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

Ms. Trix Kam-ying NGAN

## SOLICITORS

lu, Lai & Li, Solicitors

## AUDITORS

Grant Thornton

## BANKERS

Hang Seng Bank  
DBS Bank (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 2010, the audited consolidated profit attributable to shareholders of the Group amounted to HK\$307,492,000.

## DIVIDENDS

The prospects of Hong Kong economy remain unclear and an increase in the price of newsprint has been observed, which is likely to result in a decrease in the income and an increase in the costs of the Group for the coming year. Moreover, the Group is actively seeking substantial and commercially viable investment projects to diversify its business. Given the tightening of lending policy of banks, rather than relying on bank borrowings, the Group should conserve sufficient cash resources to meet the challenges ahead and provide for such investments. The Board has therefore resolved not to recommend any final dividend for the year ended 31 March 2010 (2009 : HK4 cents per share).

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 6 August 2010 to 11 August 2010, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify to attend the Annual General Meeting of the Company to be held on 11 August 2010, 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 5 August 2010.

## BUSINESS REVIEW

**"Oriental Daily News"** has continued to be the best-selling and most widely read newspaper in Hong Kong for 34 consecutive years, and is truly "The Paper for Hong Kong". Based on the findings of Oracle Added Value, one of the four largest international marketing research companies in Hong Kong, "Oriental Daily News" readership hit 3,440,272 in March 2010, representing an increase of 404,739 or 13% as compared to the findings in June 2008. To sustain quality improvement, "Oriental Daily News" constantly revamps its layout and strengthens the quality of news, not only to consolidate its existing readership, but also to widen the spectrum of its readership. This initiative provides a more effective platform for advertisers to market their products. Benefiting from the strong recovery of local economy in late 2009, the advertising revenue of "Oriental Daily News" in the second half of the year surged by 10% as compared to that of the first half of the year. The performance is satisfactory.

**"The Sun"** is holding fast as the third best-selling Chinese newspaper in Hong Kong. Based on the findings of Oracle Added Value, one of the four largest international marketing research companies in Hong Kong, "The Sun" readership hit 1,295,913 in March 2010, representing an increase of 284,069 or 28% as compared to the findings in June 2008. Targeting at the young generation, "The Sun" has sustained its outspoken and unique style, and continued to uncover explosive news, with in depth exploration and analysis, to fully satisfy the desire of the young generation in their pursuit for the truth. The layout of "The Sun" is refreshing and concise. The dynamic fashion supplement is particularly welcomed by the readers. The advertising revenue of "The Sun" was remarkable in the year and recorded a growth of 16% as compared to that of the last interim period, and has contributed to the Group's earnings.



## Operation Statement

**"on.cc"** is the news portal with highest viewership in Hong Kong. It has attracted up to 2.42 million monthly unique visitors. Its Money18 (Website: money18.on.cc) is also the free financial website with the highest viewership among all the news portal in Hong Kong, attracting more than 850,000 monthly unique visitors during the year. To cope with the mainstream technologies of new media for mobile surfing, "on.cc" launched iphone instant news, "Oriental Daily News © Paper" and "The-sun © Paper". These features are highly welcomed by netizens and have recorded a substantial increase of the readership of "on.cc". Meanwhile, "on.cc" revamped its mobile version (Website: m.on.cc) comprehensively to allow readers to receive the latest information, including those from the Group's two newspapers, instant news, financial, sports and entertainment news, traffic and weather reports, anytime and anywhere. This feature has also successfully diversified the advertising channels. From March 2010, "orientaldaily.on.cc" has initiated a keyword searching system; readers can now clearly grasp the latest development and background information of every piece of news. Since October 2009, through its cooperation with the Hong Kong Stock Exchange in the launch of Money18, "on.cc" has started to provide readers free real-time stock quotes. It is widely appreciated by general investors and advertisers. The daily pages viewed have also increased to 8 million pages. To cope with reader's requirements, iphone Money18 applications were released in early 2010, which provide instant news, experts' recommendation and overview of portfolio, and also successfully attract financial readership that use mobile surfing service.

**"ontv"** is the only Hong Kong online TV news channel with 24-hour update, and has attracted over 1.24 million monthly unique visitors. The prompt approach in news reporting of "ontv" is highly acclaimed. During the year, the reports on Gary Chaw's Street Brawl, Collapse of Building in Ma Tau Wai and Stephen Chan's Arrest became talk of the town, and "ontv" released short clips of those events at the very first moment, which aroused netizens' visits and discussion, and further boosted the page viewership of "ontv". Following the networkization of audio and video devices, the programs of "ontv" can now be broadcasted through new devices like IPTV and set-top box; it is foreseeable that the influence of "ontv" will follow the footsteps of the internet world and proliferate.

On overseas investments, the overseas properties held by the Group continued to bring in steady rental income. Benefiting from the rise of exchange rate in the year, the overseas investment properties contributed a revenue of HK\$10,189,000 to the Group. The Group may consider realizing such investment properties in a buoyant market to bring in profits to the Group.

### BUSINESS OUTLOOK

The Group will continue to consolidate its business development of "two papers, one portal and one TV", for the purpose of striving for the best, maintaining leading position of various products in their respective markets, and gaining further support from advertisers. "on.cc" will be committed to the mission of exploring new markets, optimizing news products, fulfilling market requirements by applying mainstream technologies, and enhancing the attractiveness for advertisers. Given the intense competition of the media industry in Hong Kong, the Group will actively seek for other development opportunities to expand its business, in order to increase its sources of revenue and its aim for diversified development.

Even though there are signs of stabilization of the global economy, the road to recovery remains sluggish, and uncertainties still prevail. We may expect that if in the second half of this year, the European debt crisis worsens, some governments exit from the markets and the bank interest rate is increased, local economy will encounter another round of new challenges. If this happens, we cannot rule out the possibility that advertisers may, under the threat of a bearish consumer market, trim their expenses and this will adversely affect the advertising revenue of the Group's two newspapers and the portal. Also, the uptrend of the price of newsprint will increase the Group's operating costs. All these will bring pressure on the Groups' profitability in the coming year.

# Operation Statement

## FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital at 31 March 2010 amounted to HK\$1,901,282,000 (2009 : HK\$1,701,952,000), which includes time deposits, bank balances and cash amounting to HK\$1,695,667,000 (2009 : HK\$1,516,379,000).

At 31 March 2010, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.4% (2009 : 0.4%).

During the year, the Group's capital expenditure was approximately HK\$21,397,000.

## CONTINGENT LIABILITY

At 31 March 2010, the Group has no material contingent liability.

## EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2010, the Group employed 2,132 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

The Group mainly operates in Hong Kong and most of the Group's transactions are carried out in Hong Kong dollars. 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 United States and Australian dollars. 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 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 2010 with the management. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2010 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.

# Operation Statement

## 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 2010.

## 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*

Hong Kong, 18 June 2010

# Directors' Report

The directors of the Company (the "Directors") present their report and the audited financial statements for the year ended 31 March 2010.

## 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 20 to the financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2010 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 72.

The Directors have resolved not to recommend any final dividend for the year ended 31 March 2010.

## 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 note 15 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 statement of changes in equity on page 25 and note 29 to the financial statements respectively.

## DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2010 calculated under section 79B of the Companies Ordinance amounted to HK\$1,124,716,000.

## 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 73.



# 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. Ching-fat MA, 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 2010, 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	-	-	-	1,798,437,284 <i>(Note)</i>	1,798,437,284	75.00%
Ching-choi MA	One of the beneficiaries of a discretionary trust	-	-	-	1,798,437,284 <i>(Note)</i>	1,798,437,284	75.00%
Shun-chuen LAM	Founder of a discretionary trust	-	-	-	1,798,437,284 <i>(Note)</i>	1,798,437,284	75.00%

# Directors' Report

## Note:

Such 1,798,437,284 shares are held by Ever Holdings Limited (holding 461,119,364 shares), Tarbela Company Limited (holding 681,037,500 shares), Tarboca Company Limited (holding 301,502,020 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 1,798,437,284 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 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 2010, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its abovementioned 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 2010 with the Code of Best Practice as set out in Appendix 14 to the Listing Rules on the Stock Exchange.

## Directors' Report

### DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

At 31 March 2010, 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	1,798,437,284 <i>(Note)</i>	75.00%
Wonderful Star Limited	Interest of controlled corporations	1,798,437,284 <i>(Note)</i>	75.00%
Magicway Investment Limited	Interest of controlled corporations	1,798,437,284 <i>(Note)</i>	75.00%
Ever Holdings Limited	Beneficial owner and interest of controlled corporations	1,798,437,284 <i>(Note)</i>	75.00%
Tarbela Company Limited	Beneficial owner	681,037,500 <i>(Note)</i>	28.40%
Tarboca Company Limited	Beneficial owner	301,502,020 <i>(Note)</i>	12.57%
Sermost Limited	Beneficial owner	354,778,400 <i>(Note)</i>	14.80%
Mui-fong HUNG	Interest of spouse	1,798,437,284 <i>(Note)</i>	75.00%
Maria Lai-chun CHAN	Interest of spouse	1,798,437,284 <i>(Note)</i>	75.00%

*Note:*

Such 1,798,437,284 shares are held by Ever Holdings Limited (holding 461,119,364 shares), Tarbela Company Limited (holding 681,037,500 shares), Tarboca Company Limited (holding 301,502,020 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.

# Directors' Report

## DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$540,400.

## 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 2010, the five largest customers of the Group accounted for approximately 52% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer amounted to approximately 39%.

The percentage of purchases attributable to the Group's five largest suppliers is approximately 56% of the Group's total purchases for the year and the percentage of purchases attributable to the Group's largest supplier amounted to approximately 15%.

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*

18 June 2010

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Ching-fat MA**, *BBS*, aged 50, 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 48, 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 a 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 61, 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 63, 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 Lu, 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 63, was appointed as an independent non-executive director of the Company on 30 March 2006. Mr. CHAM is a 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..

**Mr. Ping-wing PAO**, *JP*, aged 62, 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.



## Biographical Details of Directors and Senior Management

**Mr. Yat-fai LAM**, aged 44, 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 and Yunnan Enterprises Holdings Limited, both 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 20 years of experience in auditing, taxation, corporate finance and accounting.

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

# Corporate Governance Report

## 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 2010 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 2010 is as follows:

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

During the year, the Board has convened four meetings and conducted, inter alia, 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.

# Corporate Governance Report

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 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 criteria 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 2010 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.

# Corporate Governance Report

## 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 2010 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 2010 and the interim report for the six months ended 30 September 2009.

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 2010, the external auditors received approximately HK\$1,312,000, comprising the audit fees of approximately HK\$994,000 and non-audit fees of approximately HK\$318,000. 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 2010 were prepared in accordance with statutory requirements and applicable accounting standards.

# Independent Auditors' Report



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") set out on pages 19 to 72, which comprise the consolidated and company statement of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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.



# Independent Auditors' Report

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 2010 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*

6th Floor, Nexus Building

41 Connaught Road Central

Hong Kong

18 June 2010



# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
Revenue	5	1,567,277	1,637,522
Other income	5	91,288	55,075
Raw materials and consumables used		(464,248)	(674,795)
Staff costs including directors' emoluments	7	(623,140)	(676,308)
Depreciation		(65,428)	(71,169)
Other operating expenses		(152,245)	(200,322)
Net deficit on revaluation of property, plant and equipment		(1,160)	(47,162)
Fair value adjustments on investment properties		17,841	(57,002)
Net gain on disposal of property, plant and equipment		1,098	397
Gain on disposal of a subsidiary	30	–	398,824
<b>Profit from operations</b>	8	<b>371,283</b>	365,060
Finance costs	9	(1,566)	(8,278)
<b>Profit before income tax</b>		<b>369,717</b>	356,782
Income tax (expense)/credit	10	(61,688)	21,783
<b>Profit for the year</b>		<b>308,029</b>	378,565
<b>Other comprehensive income/(loss)</b>			
– Surplus/(deficit) on revaluation of buildings		2,070	(40,038)
– (Deferred tax liabilities)/reversal of deferred tax liabilities arising on revaluation of buildings		(608)	7,006
		1,462	(33,032)
– Exchange gain/(loss) on translation of financial statements of foreign operations		6,585	(11,444)
<b>Other comprehensive income/(loss) for the year</b>		<b>8,047</b>	(44,476)
<b>Total comprehensive income for the year</b>		<b>316,076</b>	334,089

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
<b>Profit for the year attributable to:</b>			
Equity holders of the Company	11	307,492	379,972
Minority interest		537	(1,407)
		<u>308,029</u>	<u>378,565</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		315,122	336,487
Minority interest		954	(2,398)
		<u>316,076</u>	<u>334,089</u>
<b>Earnings per share for profit attributable to equity holders of the Company during the year</b>			
- Basic	13	<u>HK12.8 cents</u>	<u>HK15.8 cents</u>
- Diluted		<u>N/A</u>	<u>N/A</u>

# Consolidated Statement of Financial Position

As at 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	844,432	857,753
Leasehold land	16	29,147	29,935
Investment properties	17	255,985	201,830
Available-for-sale financial asset	18	4,745	4,745
Deferred tax assets	19	35,292	47,232
		<u>1,169,601</u>	<u>1,141,495</u>
<b>Current assets</b>			
Inventories	21	95,556	79,422
Trade receivables	22	268,613	210,549
Other debtors, deposits and prepayments	23	10,740	11,535
Taxation recoverable		3,192	35,406
Cash and cash equivalents	24	1,695,667	1,516,379
		<u>2,073,768</u>	<u>1,853,291</u>
<b>Current liabilities</b>			
Trade payables	25	47,242	49,327
Other creditors, accruals and deposits received	26	98,174	92,996
Taxation payable		18,592	2,808
Borrowings	27	8,478	6,208
		<u>172,486</u>	<u>151,339</u>
<b>Net current assets</b>		<u>1,901,282</u>	<u>1,701,952</u>
<b>Total assets less current liabilities</b>		<u>3,070,883</u>	<u>2,843,447</u>
<b>Non-current liabilities</b>			
Borrowings	27	2,693	3,672
Deferred tax liabilities	19	76,125	67,869
		<u>78,818</u>	<u>71,541</u>
<b>Net assets</b>		<u>2,992,065</u>	<u>2,771,906</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	28	599,479	599,479
Reserves		2,389,918	2,170,713
		<u>2,989,397</u>	<u>2,770,192</u>
<b>Minority interest</b>		<u>2,668</u>	<u>1,714</u>
<b>Total equity</b>		<u>2,992,065</u>	<u>2,771,906</u>

Ching-fat MA  
**Director**

Ching-choi MA  
**Director**

# Statement of Financial Position

As at 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	2,414	3,519
Available-for-sale financial asset	18	4,745	4,745
Investment in subsidiaries	20(a)	1	1
		<u>7,160</u>	<u>8,265</u>
<b>Current assets</b>			
Other debtors, deposits and prepayments	23	218	218
Amounts due from subsidiaries	20(b)	2,534,172	2,353,948
Taxation recoverable		–	2,158
Cash and cash equivalents	24	1,960	1,151
		<u>2,536,350</u>	<u>2,357,475</u>
<b>Current liabilities</b>			
Trade payables	25	312	59
Other creditors, accruals and deposits received	26	3,007	2,955
Taxation payable		1,276	–
		<u>4,595</u>	<u>3,014</u>
<b>Net current assets</b>		<u>2,531,755</u>	<u>2,354,461</u>
<b>Total assets less current liabilities</b>		<u>2,538,915</u>	<u>2,362,726</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	19	235	370
<b>Net assets</b>		<u>2,538,680</u>	<u>2,362,356</u>
<b>EQUITY</b>			
Share capital	28	599,479	599,479
Reserves	29	1,939,201	1,762,877
<b>Total equity</b>		<u>2,538,680</u>	<u>2,362,356</u>

Ching-fat MA  
**Director**

Ching-choi MA  
**Director**



# Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		369,717	356,782
Adjustments for:			
Interest income		(2,503)	(25,721)
Interest expense		1,566	8,278
Impairment of trade receivables		115	960
Depreciation		65,428	71,169
Exchange difference		(66,466)	22,589
Amortisation of leasehold land		788	788
Net deficit on revaluation of property, plant and equipment		1,160	47,162
Fair value adjustments on investment properties		(17,841)	57,002
Net gain on disposal of property, plant and equipment		(1,098)	(397)
Gain on disposal of a subsidiary		-	(398,824)
		<hr/>	<hr/>
Operating profit before working capital changes		350,866	139,788
(Increase)/Decrease in inventories		(16,134)	29,123
(Increase)/Decrease in trade receivables		(58,658)	50,110
Decrease in other debtors, deposits and prepayments		795	2,311
Decrease in trade payables		(2,085)	(43,665)
Increase/(Decrease) in other creditors, accruals and deposits received		5,178	(116,956)
		<hr/>	<hr/>
Cash generated from operations		279,962	60,711
Income tax paid		(11,372)	(79,157)
Income tax refunded		23,017	44,837
Interest paid		(1,566)	(8,278)
		<hr/>	<hr/>
<i>Net cash from operating activities</i>		<b>290,041</b>	18,113
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(20,918)	(21,607)
Additions to investment properties		(549)	(95,249)
Proceeds from disposal of property, plant and equipment		4,109	957
Proceeds from disposal of a subsidiary	30	-	515,561
Interest received		2,503	25,721
Decrease in pledged bank deposits		-	116,437
		<hr/>	<hr/>
<i>Net cash (used in)/from investing activities</i>		<b>(14,855)</b>	541,820

# Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Notes	2010 HK\$'000	2009 HK\$'000
<b>Cash flows from financing activities</b>			
Dividends paid		(95,917)	(347,698)
Borrowings raised		–	99,033
Repayment of borrowings		–	(137,181)
Repayment of obligations under finance leases		(595)	(450)
		<hr/>	<hr/>
<i>Net cash used in financing activities</i>		<b>(96,512)</b>	(386,296)
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>178,674</b>	173,637
		<hr/>	<hr/>
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,516,379</b>	1,350,772
		<hr/>	<hr/>
Effect of foreign exchange rate changes		614	(8,030)
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 March</b>	24	<b>1,695,667</b>	1,516,379
		<hr/> <hr/>	<hr/> <hr/>

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	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
		(Note)	(Note)	(Note)	(Note)	(Note)			
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	-	-	-	-
2008 final dividend paid	-	-	-	-	-	(203,823)	(203,823)	-	(203,823)
2009 interim dividend paid	-	-	-	-	(23,979)	-	(23,979)	-	(23,979)
2009 special dividend paid	-	-	-	-	(119,896)	-	(119,896)	-	(119,896)
Transactions with equity holders	-	-	-	(47,889)	(95,986)	(203,823)	(347,698)	-	(347,698)
Profit for the year	-	-	-	-	379,972	-	379,972	(1,407)	378,565
Other comprehensive income									
- Deficit on revaluation of buildings	-	-	-	(40,038)	-	-	(40,038)	-	(40,038)
- Reversal of deferred tax liability arising on revaluation of buildings	-	-	-	7,006	-	-	7,006	-	7,006
- Exchange loss on translation of financial statements of foreign operations	-	-	(10,453)	-	-	-	(10,453)	(991)	(11,444)
Total comprehensive income for the year	-	-	(10,453)	(33,032)	379,972	-	336,487	(2,398)	334,089
Proposed 2009 final dividend (Note 12)	-	-	-	-	(95,917)	95,917	-	-	-
At 31 March 2009 and 1 April 2009	599,479	814,485	18,180	9,700	1,232,431	95,917	2,770,192	1,714	2,771,906
2009 final dividend paid	-	-	-	-	-	(95,917)	(95,917)	-	(95,917)
Transactions with equity holders	-	-	-	-	-	(95,917)	(95,917)	-	(95,917)
Profit for the year	-	-	-	-	307,492	-	307,492	537	308,029
Other comprehensive income									
- Surplus on revaluation of buildings	-	-	-	2,070	-	-	2,070	-	2,070
- Deferred tax liability arising on revaluation of buildings	-	-	-	(608)	-	-	(608)	-	(608)
- Exchange gain on translation of financial statements of foreign operations	-	-	6,168	-	-	-	6,168	417	6,585
Total comprehensive income for the year	-	-	6,168	1,462	307,492	-	315,122	954	316,076
<b>At 31 March 2010</b>	<b>599,479</b>	<b>814,485</b>	<b>24,348</b>	<b>11,162</b>	<b>1,539,923</b>	<b>-</b>	<b>2,989,397</b>	<b>2,668</b>	<b>2,992,065</b>

Note: These reserve accounts comprise the consolidated reserves of HK\$2,389,918,000 (2009: HK\$2,170,713,000) in the consolidated statement of financial position of the Group.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 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 20(a) to the financial statements.

The financial statements for the year ended 31 March 2010 were approved and authorised for issue by the Board of Directors on 18 June 2010.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements on pages 19 to 72 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 (“HKICPA”) 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 significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group’s financial statements, if any, are disclosed in note 3.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties, which are stated at fair values. 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.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (see 2.3 below) (together referred to as the "Group") made up to 31 March each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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 statement of financial position within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated statement of comprehensive income as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interest only after the minority's share of losses previously absorbed by the Group has been recovered.

### 2.3 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.

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the purchase method. This involves the estimation of 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 statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.



# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.4 Foreign currency translation

The financial statements are presented in Hong Kong Dollars (HK\$), which is also the functional currency of the Company.

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

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 dollar at the closing rates at the reporting 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 recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

### 2.5 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 reporting 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 recognised in other comprehensive income and is accumulated in 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 2.17. To the extent that any decrease has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase dealt with in other comprehensive income. A decrease in net carrying amount of freehold land and buildings arising on revaluations or impairment testing is recognised in other comprehensive income to the extent of the revaluation surplus in the properties revaluation reserve relating to the same asset and the remaining decrease is recognised in profit or loss.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.5 Property, plant and equipment *(Continued)*

Depreciation on property, plant and equipment is provided to write off the cost or revalued amount less their residual values 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' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 profit or loss. 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 profit or loss during the financial period in which they are incurred.

### 2.6 Leasehold land

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortisation and any accumulated impairment losses. The determination if an arrangement is or contains a lease and the lease is an operating lease is detailed in note 2.13. Amortisation is calculated on a straight line basis over the term of the lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

### 2.7 Investment properties

Investment properties are land and/or buildings which are owned or held under freehold or leasehold interests to earn rental income and/or capital appreciation.

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.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.7 Investment properties *(Continued)*

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. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised in the reporting date reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

### 2.8 Financial assets

The Group's accounting policies for financial assets other than investments 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 reporting 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 assets.

#### *(i) 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.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.8 Financial assets *(Continued)*

#### *(ii) Available-for-sale financial assets*

Available-for-sale financial asset comprises club membership. Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are also classified as available-for-sale 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 excluding any dividend and interest income is recognised directly in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity would be recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

For available-for-sale assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

#### ***Impairment of financial assets***

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.8 Financial assets *(Continued)*

#### **Impairment of financial assets** *(Continued)*

If any such evidence exists, the impairment loss is measured and recognised as follows:

##### *(i) Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables 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 amount of the loss is recognised in profit or loss 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 the financial asset 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 profit or loss of the period in which the reversal occurs.

##### *(ii) Available-for-sale financial assets*

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an 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 profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in the profit or loss. The subsequent increase in fair value is recognised in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss were recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

##### *(iii) Financial assets carried at cost*

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.



# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.8 Financial assets *(Continued)*

#### ***Impairment of financial assets*** *(Continued)*

Financial assets other than trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

### 2.9 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.

### 2.10 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short-term bank deposits with original maturities of three months or less, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.11 Financial liabilities

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

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 profit or loss.

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 profit or loss.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.11 Financial liabilities *(Continued)*

#### *Borrowings*

Borrowings (except for finance lease liabilities) are recognised initially at fair value, net of transaction costs incurred. Borrowings (except for finance lease liabilities) are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Included in the borrowings, finance lease liabilities are measured at initial value less capital element of lease repayment as set out in note 2.13(ii).

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 reporting date.

#### *Trade payables, other creditors and accruals*

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

### 2.12 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 profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss 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 or the Company under the guarantee and the amount of that claim on the Group or the Company is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.13 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) 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 property, plant and equipment 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 profit or loss 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 profit or loss in the accounting period in which they are incurred.

#### *(iii) Operating lease charges as the lessee*

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

#### *(iv) 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 2.16(v).

# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.14 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 of the amount of the obligation 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 reporting 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 amortisation, if appropriate.

### 2.15 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 benefits), to the extent they are incremental costs directly attributable to the equity transaction.

### 2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable 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.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.16 Revenue recognition *(Continued)*

- (iv) Canteen/Restaurant operation income is recognised upon the sale of goods.
- (v) Rental income receivable under operating leases is recognised as revenue 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.
- (vi) Interest income is recognised on a time-proportion basis using the effective interest method.
- (vii) Internet subscription income is recognised upon provision of the services.
- (viii) Internet advertising income is recognised on a straight-line basis over the period of the relevant advertisement is published.
- (ix) License fee income from hotel property is recognised on an accrual basis in accordance with the substance of the relevant agreements.

### 2.17 Impairment of non-financial assets

Property, plant and equipment, leasehold land and investment 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 2.5 for details). 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.



# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.18 Employee benefits

#### *Retirement benefits*

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under the MPF Scheme are limited to the fixed percentage contributions payable.

#### *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 reporting date.

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

### 2.19 Borrowing costs

All borrowing costs are expensed as incurred.

### 2.20 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 reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting 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, including existing taxable temporary difference will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.20 Accounting for income taxes *(Continued)*

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects either taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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 reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### 2.21 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

### 2.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors, being the chief operating decision makers, for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines. The Group has identified only one reportable segment, the publication of newspapers.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except the corporate income and expenses which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but investments in available-for-sale financial assets.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied, for the first time the following new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2009:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for 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 the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

### **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. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial 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, for example revaluation of property, plant and equipment. 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. The Group has applied changes to its accounting policies on presentation of financial statements retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 January 2008 and accordingly the third statement of financial position as at 1 January 2008 is not presented.

### **HKFRS 7 (Amendments) Improving disclosures about financial instruments**

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 3. ADOPTION OF NEW OR AMENDED HKFRSs *(Continued)*

### **HKFRS 8 Operating segments**

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risk and returns. Comparatives have been restated on a basis consistent with the new standard.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not effective, and have not been adopted early by the Group.

The directors 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. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

### **HKFRS 3 Business combinations (Revised 2008)**

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

### **HKFRS 9 Financial instruments**

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

### **HKAS 27 Consolidated and separate financial statements (Revised 2008)**

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.



# Notes to the Financial Statements

For the year ended 31 March 2010

## 3. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

### Annual improvements 2009

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

## 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 notes 2.5 and 2.7. 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 notes 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 reporting dates and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

### (ii) Depreciation

The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful lives as mentioned in note 2.5, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the management's 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 reporting date. Details of the assessment are set out in note 22.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 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:

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Publication of newspapers	<b>1,529,545</b>	1,583,441
Internet subscription and advertising income	<b>15,374</b>	15,404
Rental income from investment properties	<b>4,989</b>	8,383
License fee income from hotel property	<b>5,200</b>	4,746
Income from canteen/restaurant operation	<b>12,169</b>	10,731
Printing service income	–	14,817
	<b>1,567,277</b>	1,637,522
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Included in other income are:		
Interest earned on bank deposits	<b>2,503</b>	25,721
Sales of scrap materials	<b>7,622</b>	11,189

## 6. SEGMENT INFORMATION

On adoption of HKFRS 8, based on the regular internal financial information reported to the Group's executive directors, being the chief operating decision makers, for their decision about resources allocation to the Group's business components and review of these components' performance, the Group has identified only one reportable operating segment, the publication of newspapers. The revenues of other operating segments include rental income from investment properties, license fee income from hotel property and income from restaurant operation.

Information regarding the Group's segments as provided to the Group's executive directors is set out below:

	Publication of newspapers		All other segments		Total	
	<b>2010</b>	2009	<b>2010</b>	2009	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Reportable segment revenue from external customers	<b>1,554,953</b>	1,626,900	<b>12,324</b>	10,622	<b>1,567,277</b>	1,637,522
Reportable segment profit/(loss)	<b>327,726</b>	57,105	<b>10,684</b>	(60,959)	<b>338,410</b>	(3,854)
Interest expenses	<b>(1,285)</b>	(8,023)	<b>(281)</b>	(255)	<b>(1,566)</b>	(8,278)
Depreciation and amortisation	<b>(63,838)</b>	(71,957)	<b>(2,378)</b>	–	<b>(66,216)</b>	(71,957)
Net deficit of revaluation of property, plant and equipment	<b>(1,160)</b>	(47,162)	–	–	<b>(1,160)</b>	(47,162)
Fair value adjustments on investment properties	–	–	<b>17,841</b>	(57,002)	<b>17,841</b>	(57,002)
Reportable segment assets	<b>3,189,342</b>	2,952,753	<b>323,094</b>	223,108	<b>3,512,436</b>	3,175,861
Additions to non-current assets during the year	<b>9,280</b>	23,128	<b>12,666</b>	95,249	<b>21,946</b>	118,377

# Notes to the Financial Statements

For the year ended 31 March 2010

## 6. SEGMENT INFORMATION *(Continued)*

Reportable segment revenue represented turnover of the Group in the consolidated income statement. Reconciliations between the reportable segment profit/(loss) and reportable segment assets to the Group's profit before income tax and the Group's assets are set out below:

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Reportable segment profit/(loss)	<b>338,410</b>	(3,854)
Unallocated corporate income	<b>69,873</b>	424,545
Unallocated corporate expenses	<b>(38,566)</b>	(63,909)
	<u><b>369,717</b></u>	<u>356,782</u>
Profit before income tax	<u><b>369,717</b></u>	<u>356,782</u>
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Reportable segment assets	<b>3,512,436</b>	3,175,861
Available-for-sale financial asset	<b>4,745</b>	4,745
Consolidation	<b>(273,812)</b>	(185,820)
	<u><b>3,243,369</b></u>	<u>2,994,786</u>
Group assets	<u><b>3,243,369</b></u>	<u>2,994,786</u>

The Group's revenues from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	<b>Revenue from</b>		<b>Non-current assets</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong				
(country of domicile)	<b>1,554,953</b>	1,626,900	<b>829,557</b>	887,688
Australia	<b>12,324</b>	10,622	<b>300,007</b>	201,830
	<u><b>1,567,277</b></u>	<u>1,637,522</u>	<u><b>1,129,564</b></u>	<u>1,089,518</u>

The geographical location of customers is determined based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (other than financial instruments and deferred tax assets) is determined based on the physical location of the assets. For the purpose of presenting geographical location of the Group's revenue from external customers and the Group's non-current assets (other than financial instruments and deferred tax assets), country of domicile is determined by reference to the country where the majority of the Company's subsidiaries operate.

During the year, HK\$611,234,000 of the Group's revenues from publication of newspapers was contributed by a single customer (2009: HK\$627,869,000).

# Notes to the Financial Statements

For the year ended 31 March 2010

## 7. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Wages and salaries	<b>602,392</b>	651,719
Long service payments	–	2,132
Termination benefits	<b>518</b>	866
Pension costs – defined contribution plans	<b>20,230</b>	21,591
	<b>623,140</b>	676,308

## 8. PROFIT FROM OPERATIONS

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Profit from operations is arrived at after charging/(crediting):		
Auditors' remuneration	<b>994</b>	1,246
Cost of inventories recognised as expense	<b>464,248</b>	674,795
Impairment of trade receivables	<b>115</b>	960
Depreciation:		
– Owned assets	<b>64,198</b>	69,955
– Leased assets	<b>1,230</b>	1,214
Amortisation of leasehold land	<b>788</b>	788
Net exchange (gain)/loss	<b>(67,370)</b>	24,925
Outgoings in respect of investment properties (excluding hotel property) that generated rental income during the year	<b>1,335</b>	2,323
Operating lease charges in respect of land and buildings	<b>5,179</b>	5,474
Rental income from investment properties (excluding hotel property) less outgoings	<b>(3,654)</b>	(6,060)

## 9. FINANCE COSTS

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Interest charges on borrowings wholly repayable within five years:		
Bank loan	<b>2</b>	7,120
Other loan	<b>279</b>	255
Finance leases	<b>1,285</b>	903
	<b>1,566</b>	8,278

# Notes to the Financial Statements

For the year ended 31 March 2010

## 10. INCOME TAX EXPENSE/(CREDIT)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2009: 16.5%) of the estimated assessable profit for the year. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in the profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

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.

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax	<b>33,723</b>	22,888
– Under/(Over)-provision in respect of prior years	<b>2,630</b>	(1,780)
	<b>36,353</b>	21,108
Deferred taxation ( <i>Note 19</i> )		
– Current year	<b>25,335</b>	(38,876)
– Effect on change in tax rate	–	(4,015)
	<b>25,335</b>	(42,891)
	<b>61,688</b>	(21,783)

Reconciliation between tax expense/(credit) and accounting profit at applicable tax rates is as follows:

	<b>2010</b>		2009	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Profit before income tax	<b>369,717</b>		356,782	
Tax on profit before income tax, calculated at the rate of 16.5% (2009: 16.5%)	<b>61,004</b>	<b>16.5</b>	58,869	16.5
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>1,442</b>	<b>0.4</b>	(8,230)	(2.3)
Tax effect of non-taxable revenue	<b>(15,335)</b>	<b>(4.1)</b>	(78,030)	(21.9)
Tax effect of non-deductible expenses	<b>8,487</b>	<b>2.3</b>	12,603	3.5
Tax effect of lower tax rate used for the recognition of deferred taxation	–	–	(4,015)	(1.1)
Under/(Over)-provision in respect of prior years	<b>2,630</b>	<b>0.7</b>	(1,780)	(0.5)
Others	<b>3,460</b>	<b>0.9</b>	(1,200)	(0.3)
Income tax expense/(credit) and effective tax rate for the year	<b>61,688</b>	<b>16.7</b>	(21,783)	(6.1)



# Notes to the Financial Statements

For the year ended 31 March 2010

## 11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated profit attributable to equity holders of the Company of HK\$307,492,000 (2009: HK\$379,972,000), a profit of HK\$272,241,000 (2009: HK\$496,581,000) has been dealt with in the financial statements of the Company.

## 12. DIVIDENDS

### (a) Dividends attributable to the year

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
2009 Interim dividend: HK1 cent per share	–	23,979
2009 Special dividend: HK5 cents per share	–	119,896
2009 Final dividend: HK4 cents per share	–	95,917
	<u>–</u>	<u>239,792</u>

The directors did not recommend the payment of a final dividend for the current financial year (2009: HK4 cents per share).

### (b) Dividends recognised as distributions during the year

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
2009 Final dividend	<b>95,917</b>	–
2009 Interim dividend	–	23,979
2009 Special dividend	–	119,896
2008 Final dividend	–	203,823
	<u><b>95,917</b></u>	<u>347,698</u>

## 13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$307,492,000 (2009: HK\$379,972,000) and on 2,397,917,898 (2009: 2,397,917,898) ordinary shares in issue during the year.

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

# Notes to the Financial Statements

For the year ended 31 March 2010

## 14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

### (a) Directors' emoluments

	Fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Contribution to defined contribution plan <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 March 2010</b>				
<b>Executive directors</b>				
Mr. Ching-fat MA	–	19,500	12	19,512
Mr. Ching-choi MA	–	15,600	12	15,612
Mr. Shun-chuen LAM	–	2,600	12	2,612
<b>Non-executive director</b>				
Mr. Dominic LAI	60	–	–	60
<b>Independent non-executive directors</b>				
Mr. Yau-nam CHAM	60	–	–	60
Mr. Ping-wing PAO	70	–	–	70
Mr. Yat-fai LAM	100	–	–	100
	<u>290</u>	<u>37,700</u>	<u>36</u>	<u>38,026</u>
<b>Year ended 31 March 2009</b>				
<b>Executive directors</b>				
Mr. Ching-fat MA	–	19,500	12	19,512
Mr. Ching-choi MA	–	15,600	12	15,612
Mr. Shun-chuen LAM	–	2,850	12	2,862
<b>Non-executive director</b>				
Mr. Dominic LAI	60	–	–	60
<b>Independent non-executive directors</b>				
Mr. Yau-nam CHAM	60	–	–	60
Mr. Ping-wing PAO	70	–	–	70
Mr. Yat-fai LAM	100	–	–	100
	<u>290</u>	<u>37,950</u>	<u>36</u>	<u>38,276</u>

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.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(Continued)

- (b) The emoluments of the top five individuals during the year included three (2009: 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 (2009: two) are as follows:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Salaries and other benefits	<b>8,736</b>	8,825
Contribution to defined contribution plan	<b>24</b>	24
	<b>8,760</b>	8,849

The emoluments of them fell within the following bands:

<b>Emolument bands</b>	<b>Number of individuals</b>	
	<b>2010</b>	2009
HK\$2,500,001 to HK\$3,000,000	<b>1</b>	1
HK\$5,500,001 to HK\$6,000,000	<b>1</b>	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.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 15. PROPERTY, PLANT AND EQUIPMENT

### The Group

	<b>Freehold land and buildings</b>	<b>Plant, machinery and printing equipment</b>	<b>Furniture, fixtures and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 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)
<b>Net book amount</b>	<b>542,954</b>	<b>418,453</b>	<b>33,452</b>	<b>1,876</b>	<b>996,735</b>
Year ended 31 March 2009					
Opening net book amount	542,954	418,453	33,452	1,876	996,735
Revaluation deficit	(87,200)	–	–	–	(87,200)
Additions	–	10,588	8,556	3,984	23,128
Disposal of a subsidiary (Note 30)	–	–	(3,181)	–	(3,181)
Disposals	–	(58)	(295)	(207)	(560)
Depreciation	(10,862)	(39,940)	(18,232)	(2,135)	(71,169)
<b>Closing net book amount</b>	<b>444,892</b>	<b>389,043</b>	<b>20,300</b>	<b>3,518</b>	<b>857,753</b>
At 31 March 2009					
Cost or valuation	444,892	829,909	108,497	19,440	1,402,738
Accumulated depreciation and impairment	–	(440,866)	(88,197)	(15,922)	(544,985)
<b>Net book amount</b>	<b>444,892</b>	<b>389,043</b>	<b>20,300</b>	<b>3,518</b>	<b>857,753</b>
<b>Year ended 31 March 2010</b>					
Opening net book amount	444,892	389,043	20,300	3,518	857,753
Revaluation surplus	910	–	–	–	910
Additions	–	4,237	16,093	1,067	21,397
Disposals	(2,892)	(59)	(60)	–	(3,011)
Depreciation	(9,437)	(39,224)	(15,104)	(1,663)	(65,428)
Transfers from investment properties (Note 17)	31,759	–	–	–	31,759
Exchange difference	310	–	703	39	1,052
<b>Closing net book amount</b>	<b>465,542</b>	<b>353,997</b>	<b>21,932</b>	<b>2,961</b>	<b>844,432</b>
<b>At 31 March 2010</b>					
Cost or valuation	465,542	831,168	123,572	20,368	1,440,650
Accumulated depreciation and impairment	–	(477,171)	(101,640)	(17,407)	(596,218)
<b>Net book amount</b>	<b>465,542</b>	<b>353,997</b>	<b>21,932</b>	<b>2,961</b>	<b>844,432</b>

At 31 March 2010, certain plant, machinery and printing equipment of the Group with a total net book value of HK\$1,611,000 (2009: HK\$2,841,000) are held under finance lease. The acquisition costs of HK\$479,000 (2009: HK\$1,521,000) were non-cash transactions during the year.

# Notes to the Financial Statements

For the year ended 31 March 2010

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

### The Group *(Continued)*

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

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Cost	<b>575,674</b>	546,636
Accumulated depreciation	<b>(65,869)</b>	(54,574)
Net book amount	<b>509,805</b>	492,062

The analysis of carrying value at cost or valuation of the above property, plant and equipment at 31 March 2010 and 2009 is as follows:

	<b>Freehold land and buildings</b> <i>HK\$'000</i>	<b>Plant, machinery and printing equipment</b> <i>HK\$'000</i>	<b>Furniture, fixtures and equipment</b> <i>HK\$'000</i>	<b>Motor vehicles</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At cost	–	<b>353,997</b>	<b>21,932</b>	<b>2,961</b>	<b>378,890</b>
At valuation – 2010	<b>465,542</b>	–	–	–	<b>465,542</b>
At 31 March 2010	<b>465,542</b>	<b>353,997</b>	<b>21,932</b>	<b>2,961</b>	<b>844,432</b>
At cost	–	389,043	20,300	3,518	412,861
At valuation – 2009	444,892	–	–	–	444,892
At 31 March 2009	444,892	389,043	20,300	3,518	857,753

The buildings situated in Hong Kong and overseas were revalued individually at 31 March 2010 by DTZ Debenham Tie Leung Limited and BMI Appraisals Limited (“BMI”), independent professional qualified valuers, on a depreciated replacement cost basis and open market value, respectively. Open market value was determined using the comparison approach assuming sale in their existing states by making reference to comparable sales evidence as available in the relevant market.

The revaluation surplus of HK\$1,462,000 (2009: revaluation deficit of HK\$33,032,000), net of applicable deferred income taxes, and the net revaluation deficit of HK\$1,160,000 (2009: net revaluation deficit of HK\$47,162,000), resulting from the above valuations were credited (2009: charged) to the revaluation reserve in the shareholders’ equity and recognised in the consolidated statement of comprehensive income, respectively.



# Notes to the Financial Statements

For the year ended 31 March 2010

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

### The Company

	<b>Motor vehicles</b> <i>HK\$'000</i>
At 1 April 2008	
Cost	17,772
Accumulated depreciation	<u>(15,896)</u>
Net book amount	<u>1,876</u>
Year ended 31 March 2009	
Opening net book amount	1,876
Additions	3,984
Disposals	(207)
Depreciation	<u>(2,134)</u>
Closing net book amount	<u>3,519</u>
At 31 March 2009	
Cost	19,441
Accumulated depreciation	<u>(15,922)</u>
Net book amount	<u>3,519</u>
<b>Year ended 31 March 2010</b>	
Opening net book amount	3,519
Additions	479
Depreciation	<u>(1,584)</u>
<b>Closing net book amount</b>	<u><b>2,414</b></u>
<b>At 31 March 2010</b>	
Cost	19,736
Accumulated depreciation	<u>(17,322)</u>
<b>Net book amount</b>	<u><b>2,414</b></u>

# Notes to the Financial Statements

For the year ended 31 March 2010

## 16. LEASEHOLD LAND

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

	<b>The Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
In Hong Kong held on:		
– Leases of between 10 to 50 years	<u><b>29,147</b></u>	<u>29,935</u>
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Opening net carrying amount	<b>29,935</b>	30,723
Annual charges of prepaid operating lease payments	<b>(788)</b>	(788)
Closing net carrying amount	<u><b>29,147</b></u>	<u>29,935</u>

## 17. INVESTMENT PROPERTIES

Investment properties represent real estate properties located in overseas, which are owned for investment purposes only.

Changes to the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

	<b>The Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Carrying amount at beginning of the year	<b>201,830</b>	69,472
Additions	<b>549</b>	95,249
Exchange difference	<b>67,524</b>	(63,945)
Transfers to property, plant and equipment ( <i>Note 15</i> )	<b>(31,759)</b>	–
Reclassification from assets classified as held for sale	<b>–</b>	141,310
Fair value adjustments	<b>17,841</b>	(40,256)
Carrying amount at 31 March	<u><b>255,985</b></u>	<u>201,830</u>

Investment property situated in Australia was revalued at 31 March 2010 by BMI based on the property's open market value on 31 March 2010. 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 31 March 2010.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 17. INVESTMENT PROPERTIES (Continued)

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

	<b>The Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Outside Hong Kong, freehold	<b>255,985</b>	201,830

## 18. AVAILABLE-FOR-SALE FINANCIAL ASSET

	<b>The Group and The Company</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Club membership, stated at cost	<b>4,745</b>	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. DEFERRED TAXATION

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

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

### The Group

	<b>Accelerated tax depreciation</b>	<b>Revaluation of properties</b>	<b>Tax losses</b>	<b>Others</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008	88,833	5,139	(26,704)	404	67,672
Reclassification from liabilities associated with assets classified as held for sale	–	5,862	–	–	5,862
Disposal of a subsidiary	(6,271)	–	–	–	(6,271)
Recognised in profit or loss	(12,687)	(15,333)	(12,893)	(1,978)	(42,891)
Recognised in other comprehensive income	–	(7,006)	–	–	(7,006)
Exchange differences	–	(1,400)	4,671	–	3,271
At 31 March 2009 and 1 April 2009	69,875	(12,738)	(34,926)	(1,574)	20,637
Recognised in profit or loss	1,520	5,372	18,978	(535)	25,335
Recognised in other comprehensive income	–	608	–	–	608
Exchange differences	–	(3,872)	(1,875)	–	(5,747)
<b>At 31 March 2010</b>	<b>71,395</b>	<b>(10,630)</b>	<b>(17,823)</b>	<b>(2,109)</b>	<b>40,833</b>

# Notes to the Financial Statements

For the year ended 31 March 2010

## 19. DEFERRED TAXATION (Continued)

### The Company

	<b>Accelerated tax depreciation</b> <i>HK\$'000</i>
At 1 April 2008	158
Recognised in profit or loss	212
At 31 March 2009 and 1 April 2009	370
Recognised in profit or loss	(135)
<b>At 31 March 2010</b>	<b>235</b>

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred tax liabilities	<b>76,125</b>	67,869	<b>235</b>	370
Deferred tax assets	<b>(35,292)</b>	(47,232)	–	–
	<b>40,833</b>	20,637	<b>235</b>	370

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. These tax losses have no expiry date. The Group has unrecognised tax losses of approximately HK\$2,748,000 (2009: HK\$2,445,000) due to the unpredictability of the future profit streams.

## 20. INTERESTS IN SUBSIDIARIES

### (a) Investment in subsidiaries

	<b>The Company</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	<b>1</b>	1

# Notes to the Financial Statements

For the year ended 31 March 2010

## 20. INTERESTS IN SUBSIDIARIES (Continued)

### (a) Investment in subsidiaries (Continued)

Particulars of the principal subsidiaries at 31 March 2010 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
Dragon Asia Property Limited	Hong Kong	HK\$100	Website contents production
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 <sup>#</sup>	Hong Kong	HK\$100	Registered publisher
Oriental Press Centre Limited	Hong Kong	HK\$100	Property holding
Oriental Publications Limited	Hong Kong	HK\$100	Publication services
ON.CC (HK) Limited <sup>#</sup>	Hong Kong	HK\$2	Website service provider
The Sun News Publisher Limited <sup>#</sup>	Hong Kong	HK\$100	Registered publisher
The Sun Racing Journal Limited	Hong Kong	HK\$2	Horse racing journal publication
Topever International Limited	Hong Kong	HK\$100	Property leasing
Pan Profit Limited	Hong Kong/ Australia	HK\$1	Investment holding



# Notes to the Financial Statements

For the year ended 31 March 2010

## 20. 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
Pacific Resort Holding Pty Limited <sup>###*</sup>	Australia	AUD3,150,000	Hotel property investment
ORO Group Pty Limited <sup>**</sup> (formerly known as New Pacific Holdings Pty Limited)	Australia	AUD8,500,000 (2009: AUD 2,500,000)	Property investment
ORO Restaurant Pty Limited <sup>**^</sup>	Australia	AUD100	Restaurant operation

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.

^ This subsidiary was incorporated by the Group during the year.

### (b) Amounts due from subsidiaries

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

## 21. INVENTORIES

	The Group 2010 HK\$'000	2009 HK\$'000
Newsprint and printing materials	71,983	57,141
Spare parts and supplies	22,192	21,325
Others	1,381	956
	<u>95,556</u>	<u>79,422</u>

# Notes to the Financial Statements

For the year ended 31 March 2010

## 22. TRADE RECEIVABLES

	<b>The Group</b> <b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Trade receivables	<b>270,447</b>	212,287
Less: Provision for impairment loss	<b>(1,834)</b>	(1,738)
	<b>268,613</b>	210,549

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 ageing analysis of trade receivables after deducting the provision for impairment loss at the reporting date:

	<b>The Group</b> <b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
0 – 60 days	<b>120,723</b>	97,426
61 – 90 days	<b>49,334</b>	42,506
Over 90 days	<b>98,556</b>	70,617
	<b>268,613</b>	210,549

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.

Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

At each reporting date, the Group's trade receivables are individually and collectively 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\$98,556,000 (2009: HK\$70,617,000) are past due but not impaired at the reporting date.

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

	<b>The Group</b> <b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
91 – 120 days	<b>36,885</b>	31,690
121 – 365 days	<b>60,409</b>	36,789
Over 365 days	<b>1,262</b>	2,138
	<b>98,556</b>	70,617

# Notes to the Financial Statements

For the year ended 31 March 2010

## 22. TRADE RECEIVABLES (Continued)

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	
	2010	2009
	HK\$'000	HK\$'000
Balance at beginning of the year	1,738	1,329
Provision for impairment recognised	115	960
Amounts written off as uncollectible	(19)	(551)
	<hr/>	<hr/>
Balance at 31 March	<u>1,834</u>	<u>1,738</u>

## 23. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	The Group	
	2010	2009
	HK\$'000	HK\$'000
Other debtors	3,875	2,493
Deposits	2,114	4,910
Prepayments	4,751	4,132
	<hr/>	<hr/>
	<u>10,740</u>	<u>11,535</u>

  

	The Company	
	2010	2009
	HK\$'000	HK\$'000
Prepayments	218	218
	<hr/>	<hr/>
	<u>218</u>	<u>218</u>

The carrying amounts of other debtors, deposits and prepayments approximate to their fair values and those are neither past due nor impaired.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 24. CASH AND CASH EQUIVALENTS

	<b>The Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Cash at banks and in hand	<b>98,820</b>	57,716
Short-term bank deposits	<b>1,596,847</b>	1,458,663
	<b>1,695,667</b>	1,516,379

  

	<b>The Company</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Cash at banks and in hand	<b>1,960</b>	1,151

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

	<b>The Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
United States dollars ("US\$")	<b>1,549,145</b>	1,341,574
Australian dollars ("AUD")	<b>3,552</b>	5,311
	<b>1,552,697</b>	1,346,885

Cash at banks earns interest at floating rates based on daily bank deposits rates. The effective interest rate of short-term bank deposits is ranging from 0.01% to 3.00% (2009: 0.38% to 4.25%) per annum and have a maturity within one month and are eligible for immediate cancellation without receiving any interest for the last deposit period.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 25. TRADE PAYABLES

The Group granted by its suppliers credit period ranging from 30 to 90 days. Based on the invoice dates, the aged analysis of trade payables at the reporting date were as follows:

	<b>The Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
0 – 60 days	<b>42,468</b>	47,259
61 – 90 days	<b>3,614</b>	938
Over 90 days	<b>1,160</b>	1,130
	<b>47,242</b>	49,327

  

	<b>The Company</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
0–60 days	<b>312</b>	59

All amounts are short term and hence the carrying values of the Group's and the Company's trade payables are considered to be a reasonable approximation of fair value.

## 26. OTHER CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

	<b>The Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Other creditors	<b>49,338</b>	46,353
Accruals	<b>32,671</b>	33,923
Deposits received	<b>16,165</b>	12,720
	<b>98,174</b>	92,996

  

	<b>The Company</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Other creditors	<b>1,487</b>	1,435
Accruals	<b>1,520</b>	1,520
	<b>3,007</b>	2,955

All amounts are short term and hence the carrying values of the Group's and the Company's other creditors and accruals are considered to be a reasonable approximation of fair value.



# Notes to the Financial Statements

For the year ended 31 March 2010

## 27. BORROWINGS

	<b>The Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Borrowings wholly repayable within five years:		
– Other loan	<b>7,499</b>	5,613
– Obligations under finance leases	<b>3,672</b>	4,267
	<b>11,171</b>	9,880
Less: Current portion due within one year included under current liabilities		
– Other loan	<b>7,499</b>	5,613
– Obligations under finance leases	<b>979</b>	595
	<b>8,478</b>	6,208
Non-current portion included under non-current liabilities		
– Obligations under finance leases	<b>2,693</b>	3,672

At 31 March 2010 and 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 and repayable on demand.

The carrying amounts of borrowings approximate their fair value.

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

	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Obligation under finance leases:				
Due within one year	<b>1,880</b>	1,880	<b>979</b>	595
Due in the second to fifth years	<b>3,389</b>	5,269	<b>2,693</b>	3,672
	<b>5,269</b>	7,149	<b>3,672</b>	4,267
Less: future finance charges on finance leases	<b>(1,597)</b>	(2,882)		
Present value of lease obligations	<b>3,672</b>	4,267		
Less: Amount due for settlement within one year included under current liabilities			<b>(979)</b>	(595)
Amount due for settlement in the second to the fifth year included under non-current liabilities			<b>2,693</b>	3,672

# Notes to the Financial Statements

For the year ended 31 March 2010

## 27. BORROWINGS (Continued)

The Group has entered into finance leases for certain plant, machinery and printing equipment. 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\$.

## 28. SHARE CAPITAL

	<b>2010 and 2009</b>	
	<i>Number of shares</i>	<i>HK\$'000</i>
Ordinary shares of HK\$0.25 each		
Authorised:		
At beginning and end of the year	<u>5,000,000,000</u>	<u>1,250,000</u>
Issued and fully paid:		
At beginning and end of the year	<u>2,397,917,898</u>	<u>599,479</u>

## 29. RESERVES

### The Company

	<b>Share premium</b>	<b>Retained profits</b>	<b>Proposed dividends</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2008	814,485	595,686	203,823	1,613,994
2008 final dividend paid	–	–	(203,823)	(203,823)
2009 interim dividend paid	–	(23,979)	–	(23,979)
2009 special dividend paid	–	(119,896)	–	(119,896)
Total comprehensive income for the year	–	496,581	–	496,581
Proposed 2009 final dividend (Note 12)	–	(95,917)	95,917	–
	<u>814,485</u>	<u>852,475</u>	<u>95,917</u>	<u>1,762,877</u>
At 31 March 2009 and 1 April 2009	814,485	852,475	95,917	1,762,877
2009 final dividend paid	–	–	(95,917)	(95,917)
Total comprehensive income for the year	–	272,241	–	272,241
	<u>814,485</u>	<u>1,124,716</u>	<u>–</u>	<u>1,939,201</u>
<b>At 31 March 2010</b>	<b>814,485</b>	<b>1,124,716</b>	<b>–</b>	<b>1,939,201</b>

# Notes to the Financial Statements

For the year ended 31 March 2010

## 30. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

During the year ended 31 March 2009, details of net assets of the disposed subsidiary at date of disposal are set out below:

	<b>The Group</b> <i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	3,181
Leasehold land	5,727
Investment property	132,000
Trade and other receivables	2,332
Trade and other payables	(9,367)
Taxation payable	(663)
Deferred tax liabilities	(16,473)
	<hr/>
	116,737
Gain on disposal of a subsidiary	398,824
	<hr/>
Total consideration	515,561
	<hr/> <hr/>
Satisfied by:	
Cash received (net inflow of cash and cash equivalents in respect of the disposal of a subsidiary)	515,561
	<hr/> <hr/>

The disposed subsidiary contributed revenue of HK\$2,507,000 and net profit of HK\$1,591,000 respectively to the Group during the year ended 31 March 2009 for the period from 1 April 2008 to 30 April 2008 (being effective date of disposal).

## 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\$5,349,000 (2009: HK\$2,669,000) 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 year. The transaction prices were considered by the Directors as estimated market value.

The Directors are of the opinion that the key management personnel were solely the directors of the Company, details of whose emoluments are set out in note 14(a) above.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 32. OPERATING LEASE COMMITMENTS

At 31 March 2010, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Within one year	<b>4,219</b>	2,913
In the second to fifth years	<b>3,424</b>	–
	<u><b>7,643</b></u>	<u>2,913</u>

The Group leases a number of premises under operating leases. The leases run for an initial period of two to three years, with an option to renew the lease terms and negotiate 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.

At 31 March 2010 and 2009, the Company had no operating lease commitments as lessee.

## 33. OPERATING LEASE ARRANGEMENTS

At 31 March 2010, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment properties as follows:

	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Within one year	<b>5,352</b>	1,362
In the second to fifth years	<b>6,273</b>	1,405
	<u><b>11,625</b></u>	<u>2,767</u>

The Group leases its investment properties (Note 17) under operating lease arrangements which run for an initial period of half to five 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.

At 31 March 2010 and 2009, the Company had no operating lease commitments as lessor.

## 34. CAPITAL COMMITMENTS

	<b>The Group</b> <b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment and refurbishment to investment properties, contracted but not provided for in the financial statements	<u>–</u>	<u>9,683</u>

As 31 March 2010 and 2009, the Company did not have any significant capital commitments.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 35. CONTINGENT LIABILITIES

The Company has executed guarantees amounting to approximately HK\$327,400,000 (2009: HK\$453,400,000) 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 reporting date, the guarantees were utilised to the extent of approximately HK\$13,111,000 (2009: HK\$2,547,000). 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\$20,230,000 (2009: HK\$21,591,000).

## 37. OUTSTANDING LITIGATIONS

At the reporting date, 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 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. At 31 March 2010, the Group's net debt-to-adjusted capital ratio is zero (2009: 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.



# Notes to the Financial Statements

For the year ended 31 March 2010

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

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 and currency exchange rates.

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

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. 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.

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

	2010		2009	
	US\$'000	AUD'000	US\$'000	AUD'000
Cash and bank balances	200,355	502	173,274	1,001
Borrowings	–	(1,051)	–	(1,051)
Net exposure	<u>200,355</u>	<u>(549)</u>	<u>173,274</u>	<u>(50)</u>

The Company does not have any exposure to foreign currencies at the reporting date (2009: no exposure).

### 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's cash and bank balances and borrowings denominated in AUD has significant exposure at the reporting date.

	2010		2009	
	Other components of consolidated equity HK\$'000	Profit or Loss HK\$'000	Other components of consolidated equity HK\$'000	Profit or Loss HK\$'000
AUD	–	25,250	–	18,328

# Notes to the Financial Statements

For the year ended 31 March 2010

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

### (a) Currency risk (Continued)

#### Sensitivity analysis (Continued)

The sensitivity analysis has been determined assuming that the reasonably possible change in foreign exchange rate had occurred at the reporting 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 reporting 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 2009.

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

### (b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, other debtors and bank deposits. The Group's exposures to these credit risks are monitored on an ongoing basis.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

	The Group		The Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
<b>Classes of financial assets – carrying amounts</b>				
Trade receivables	268,613	210,549	–	–
Other debtors	3,875	2,493	–	–
Amounts due from subsidiaries	–	–	2,534,172	2,353,948
Cash and bank balances	1,695,667	1,516,379	1,960	1,151
	<u>1,968,155</u>	<u>1,729,421</u>	<u>2,536,132</u>	<u>2,355,099</u>

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.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

### (b) Credit risk (Continued)

In respect of trade receivables and other debtors, the Group is not exposed to any significant credit risk exposure to any single counterparty. As at 31 March 2010, the Group has bank deposits of HK\$1,575,584,000 (2009: HK\$1,312,028,000) in a bank. 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 22.

### (c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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. 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 at the reporting date.

	<b>2010</b>		<b>2009</b>	
	<b>Effective</b>		<b>Effective</b>	
	<b>interest rate</b>	<b>HK\$'000</b>	<b>interest rate</b>	<b>HK\$'000</b>
Variable rate bank deposits:				
Bank balances	<u><b>0.01%–3.00%</b></u>	<u><b>1,693,619</b></u>	<u>0.38%–4.25%</u>	<u>1,514,529</u>

#### *Sensitivity analysis*

At 31 March 2010, it is estimated that a general increase/decrease of 10 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\$1,694,000 (2009: HK\$1,515,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for financial instruments at the reporting date. The 10 basis points increase or decrease represents management's assessment of reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2009.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

### (d) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligation associates with its financial liabilities that are settled by delivering cash or other financial assets. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. 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 and the Company's financial liabilities as at reporting date, based on the contractual undiscounted amounts, is as follows:

	The Group						The Company			
	Carrying amount HK\$'000	Contractual undiscounted cash flow					Carrying amount HK\$'000	Contractual undiscounted cash flow		
		Total HK\$'000	On demand HK\$'000	Less than 6 months HK\$'000	6 to 12 months HK\$'000	1 to 5 years HK\$'000		Total HK\$'000	On demand HK\$'000	Less than 6 months HK\$'000
<b>2010</b>										
Trade payables	47,242	47,242	47,242	-	-	-	312	312	312	-
Other creditors and accruals	82,009	82,009	82,009	-	-	-	3,007	3,007	3,007	-
Borrowings	11,171	12,768	7,499	940	940	3,389	-	-	-	-
	<b>140,422</b>	<b>142,019</b>	<b>136,750</b>	<b>940</b>	<b>940</b>	<b>3,389</b>	<b>3,319</b>	<b>3,319</b>	<b>3,319</b>	<b>-</b>
Financial guarantees issued										
Maximum amount guaranteed	-	-	-	-	-	-	-	13,111	-	13,111
<b>2009</b>										
Trade payables	49,327	49,327	49,327	-	-	-	59	59	59	-
Other creditors and accruals	80,276	80,276	80,276	-	-	-	2,955	2,955	2,955	-
Borrowings	9,880	12,762	5,613	940	940	5,269	-	-	-	-
	<b>139,483</b>	<b>142,365</b>	<b>135,216</b>	<b>940</b>	<b>940</b>	<b>5,269</b>	<b>3,014</b>	<b>3,014</b>	<b>3,014</b>	<b>-</b>
Financial guarantees issued										
Maximum amount guaranteed	-	-	-	-	-	-	-	2,547	-	2,547

### (e) 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 of these financial instruments.

# Notes to the Financial Statements

For the year ended 31 March 2010

## 39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

### (f) Summary of financial assets and liabilities by category

The carrying amounts of the Group's and the Company's financial assets and liabilities as recognised at reporting dates are categorised as follows. See notes 2.8 and 2.11 for explanations about how the classification of financial instruments affects their subsequent measurement.

	The Group		The Company	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial assets</b>				
Available-for-sale financial asset	<b>4,745</b>	4,745	<b>4,745</b>	4,745
Loans and receivables:				
Trade receivables	<b>268,613</b>	210,549	–	–
Other debtors	<b>3,875</b>	2,493	–	–
Amounts due from subsidiaries	–	–	<b>2,534,172</b>	2,353,948
Cash and bank balances	<b>1,695,667</b>	1,516,379	<b>1,960</b>	1,151
	<b>1,972,900</b>	1,734,166	<b>2,540,877</b>	2,359,844
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost:				
Trade payables	<b>47,242</b>	49,327	<b>312</b>	59
Other creditors and accruals	<b>82,009</b>	80,276	<b>3,007</b>	2,955
Borrowings	<b>11,171</b>	9,880	–	–
	<b>140,422</b>	139,483	<b>3,319</b>	3,014



## Five Year Financial Summary

	For the year ended 31 March				
	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Turnover	<u>1,904,039</u>	<u>1,798,808</u>	<u>1,835,604</u>	<u>1,637,522</u>	<u>1,567,277</u>
Profit attributable to equity holders of the Company	<u>126,583</u>	<u>123,068</u>	<u>311,586</u>	<u>379,972</u>	<u>307,492</u>
	As at 31 March				
	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Total assets	2,922,401	3,019,137	3,318,159	2,994,786	<b>3,243,369</b>
Total liabilities	(407,530)	(421,888)	(532,644)	(222,880)	<b>(251,304)</b>
Minority interest	<u>(1,934)</u>	<u>(2,554)</u>	<u>(4,112)</u>	<u>(1,714)</u>	<u><b>(2,668)</b></u>
Total net assets	<u>2,512,937</u>	<u>2,594,695</u>	<u>2,781,403</u>	<u>2,770,192</u>	<u><b>2,989,397</b></u>

## Schedule of Major Properties

Details of the Group's major properties as at 31 March 2010 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
Aspire Hotel 383 Bulwara Road Ultimo 2007 Sydney Australia	24,000 Sq ft (site area)	Commercial	Freehold	90%	Operating hotel business by licensee
Rodeo Plaza 2 Short Street Double Bay NSW Australia	8,000 Sq ft	Commercial	Freehold	100%	Investment property
35-36, 38-39 Bay Street Double Bay NSW Australia	4,600 Sq ft	Commercial	Freehold	100%	Investment property
37 Bay Street Double Bay NSW Australia	3,400 Sq ft	Commercial	Freehold	100%	Restaurant operation
541 Kent Street NSW Australia	35,000 Sq ft	Commercial	Freehold	100%	Investment property