東方報業集團有限公司

ORIENTAL PRESS GROUP LTD

（Stock Code：18）

Interim Report 2010

The Directors of Oriental Press Group Limited (the "Company") announce that the unaudited consolidated results for the six months ended 30 September 2010 of the Company and its subsidiaries (collectively known as the "Group"), together with the comparative figures for the corresponding period of the previous year, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

		Six months ended	
		30.9.2010	30.9.2009
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Revenue		**813,010**	757,465
Other income		**34,583**	64,118
Raw materials and consumables used		**(226,800)**	(244,281)
Staff costs including directors' emoluments		**(320,894)**	(315,232)
Depreciation		**(27,539)**	(30,987)
Other operating expenses		**(85,100)**	(74,287)
Net (loss)/gain on disposal of property, plant and equipment		**(9,121)**	1,042
Profit from operations		**178,139**	157,838
Finance costs		**(646)**	(692)
Profit before income tax		**177,493**	157,146
Income tax expense	4	**(20,783)**	(13,909)
Profit for the period		**156,710**	143,237
Other comprehensive income			
– Exchange gain on translation of financial statements of foreign operations		**1,300**	863
Other comprehensive income for the period		**1,300**	863
Total comprehensive income for the period		**158,010**	144,100
Profit for the period attributable to:			
Owners of the Company		**156,725**	143,161
Non-controlling interests		**(15)**	76
		156,710	143,237

	Notes	Six months ended 30.9.2010 (Unaudited) HK$'000	30.9.2009 (Unaudited) HK$'000
Total comprehensive income attributable to:			
Owners of the Company		**157,905**	143,848
Non-controlling interests		**105**	252
		158,010	144,100
Earnings per share for profit attributable to owners of the Company during the period	6		
– Basic		**HK6.54 cents**	HK5.97 cents
– Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2010

	Notes	**30.9.2010 (Unaudited) HK$'000**	31.3.2010 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	7	**783,969**	844,432
Leasehold land		**28,754**	29,147
Investment properties	8	**305,219**	255,985
Available-for-sale financial asset		**4,745**	4,745
Deferred tax assets		**41,504**	35,292
		1,164,191	1,169,601
Current assets			
Inventories		**173,139**	95,556
Trade receivables	9	**307,119**	268,613
Other debtors, deposits and prepayments		**16,850**	10,740
Taxation recoverable		**2,613**	3,192
Cash and cash equivalents		**1,780,882**	1,695,667
		2,280,603	2,073,768
Current liabilities			
Trade payables	10	**37,038**	47,242
Other creditors, accruals and deposits received		**132,360**	98,174
Taxation payable		**39,850**	18,592
Borrowings	11	**9,076**	8,478
		218,324	172,486
Net current assets		**2,062,279**	1,901,282
Total assets less current liabilities		**3,226,470**	3,070,883
Non-current liabilities			
Borrowings	11	**2,060**	2,693
Deferred tax liabilities		**74,335**	76,125
		76,395	78,818
Net assets		**3,150,075**	2,992,065
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	**599,479**	599,479
Reserves		**2,547,823**	2,389,918
		3,147,302	2,989,397
Non-controlling interest		**2,773**	2,668
Total equity		**3,150,075**	2,992,065

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

	Equity attributable to owners of the Company								
	Share capital	Share premium	Exchange reserve	Properties revaluation reserve	Retained profits	Proposed dividend	Total	Non–controlling 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 2009	599,479	814,485	18,180	9,700	1,232,431	95,917	2,770,192	1,714	2,771,906
Dividends paid	–	–	–	–	–	(95,917)	(95,917)	–	(95,917)
Transactions with owners	–	–	–	–	–	(95,917)	(95,917)	–	(95,917)
Profit for the period	–	–	–	–	143,161	–	143,161	76	143,237
Other comprehensive income									
– Exchange gain on translation of financial statements of foreign operations	–	–	687	–	–	–	687	176	863
Total comprehensive income for the period	–	–	687	–	143,161	–	143,848	252	144,100
At 30 September 2009 (unaudited)	599,479	814,485	18,867	9,700	1,375,592	–	2,818,123	1,966	2,820,089
At 1 April 2010	599,479	814,485	24,348	11,162	1,539,923	–	2,989,397	2,668	2,992,065
Profit for the period	–	–	–	–	156,725	–	156,725	(15)	156,710
Other comprehensive income									
– Exchange gain on translation of financial statements of foreign operations	–	–	1,180	–	–	–	1,180	120	1,300
Total comprehensive income for the period	–	–	1,180	–	156,725	–	157,905	105	158,010
At 30 September 2010 (unaudited)	599,479	814,485	25,528	11,162	1,696,648	–	3,147,302	2,773	3,150,075

Note: These reserve accounts comprise the consolidated reserves of HK$2,547,823,000 (31 March 2010: HK$2,389,918,000) in the condensed consolidated statement of financial position of the Group.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

	Six months ended	
	30.9.2010	30.9.2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash flow generated from operating activities	**87,001**	132,241
Net cash flow used in investing activities	**(8,477)**	(7,305)
Net cash flow used in financing activities	**(441)**	(96,166)
Increase in cash and cash equivalents	**78,083**	28,770
Cash and cash equivalents at beginning of the period	**1,695,667**	1,516,379
Effect of changes in foreign exchange rate	**7,132**	(1,847)
Cash and cash equivalents at end of the period	**1,780,882**	1,543,302

1. BASIS OF PREPARATION

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

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2010, except for the adoption of the following standards as of 1 April 2010:

HKFRS 3 (Revised 2008)	Business Combinations
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
Various	Annual Improvements to HKFRSs 2009

Significant effects on the current period or prior periods arising from the first-time adoption of these new requirements are described below. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of the unaudited condensed consolidated financial statements.

HKFRS 3 (Revised 2008) Business Combinations ("HKFRS 3R")

HKFRS 3R introduced major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. The most significant changes in the revised HKFRS 3R that had an impact on the Group's accounting policies are as follows:

– Acquisition-related costs of the combination are recorded as an expense in profit or loss. Previously, these costs would have been accounted for as part of the cost of the acquisition.

– The assets acquired and liabilities assumed are generally measured at their acquisition-date fair values unless HKFRS 3R provides an exception and provides specific measurement rules.

– Any contingent consideration will be measured at fair value at the acquisition date. If the contingent consideration arrangement gives rise to a financial liability, any subsequent changes are generally recognised in profit or loss. Previously, contingent consideration was recognised at the acquisition date only if its payment was probable.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

HKFRS 3 (Revised 2008) Business Combinations ("HKFRS 3R") (Continued)

HKFRS 3R has been applied prospectively to business combinations for which the acquisition date is on or after 1 April 2010. Business combinations for which the acquisition date is before 1 April 2010 have not been restated. For the six months ended 30 September 2010, the Group does not have any business combination. Therefore, the Group changed its accounting policies on the adoption of HKFRS 3R but this change did not have an impact in the current period financial position and performance.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements ("HKAS 27R")

The adoption of HKFRS 3R required that the revised HKAS 27R is adopted at the same time. HKAS 27R introduced changes to the accounting requirements for transactions with non-controlling interests (formerly called "minority interests") and the loss of control of a subsidiary. Similar to HKFRS 3R, the adoption of HKAS 27R is applied prospectively. The Group did not acquire or dispose of any of its equity interests in its subsidiaries during the current period. Therefore, the Group changed its accounting policies on the adoption of HKAS 27R but this change did not have an impact in the current period financial position and performance.

Annual Improvements to HKFRSs 2009 ("2009 Improvements")

The 2009 Improvements made several minor amendments to HKFRSs. The only amendment relevant to the Group relates to HKAS 17 Leases. The amendment requires that leases of land are classified as finance or operating applying the general principles of HKAS 17. Prior to this amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The Group has reassessed the classification of the land elements of its unexpired leases at 1 April 2010 on the basis of information existing at the inception of those leases and has determined that none of the leases require reclassification.

3. **SEGMENT INFORMATION**

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:

	Six months ended					
	Publication of newspapers		**All other segments**		**Total**	
	30.9.2010 (Unaudited) HK$'000	30.9.2009 (Unaudited) HK$'000	**30.9.2010 (Unaudited) HK$'000**	30.9.2009 (Unaudited) HK$'000	**30.9.2010 (Unaudited) HK$'000**	30.9.2009 (Unaudited) HK$'000
Reportable segment revenue from external customers	**807,094**	752,893	**5,916**	4,572	**813,010**	757,465
Reportable segment profit/(loss)	**183,000**	121,274	**(9,181)**	1,080	**173,819**	122,354

3. **SEGMENT INFORMATION** (Continued)

Reportable segment revenue represented turnover of the Group in the condensed consolidated statement of comprehensive income. Reconciliations between the reportable segment profit to the Group's profit before income tax is set out below:

	Six months ended	
	30.9.2010	30.9.2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Reportable segment profit	**173,819**	122,354
Unallocated corporate income	**23,936**	55,054
Unallocated corporate expenses	**(20,262)**	(20,262)
Profit before income tax	**177,493**	157,146

4. **INCOME TAX EXPENSE**

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2009: 16.5%) of the estimated assessable profit for the period.

	Six months ended	
	30.9.2010	30.9.2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax for the period	**27,363**	15,451
Deferred taxation:		
Current year	**(6,580)**	(1,542)
	20,783	13,909

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

5. **INTERIM DIVIDEND**

The Directors have resolved not to pay interim dividend for the six months ended 30 September 2010 (six months ended 30 September 2009: Nil).

6. **EARNINGS PER SHARE**

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$156,725,000 (six months ended 30 September 2009: HK$143,161,000) and on 2,397,917,898 (six months ended 30 September 2009: 2,397,917,898) ordinary shares in issue during the period.

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

7. **PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group acquired plant and equipment of approximately HK$10,271,000. Property, plant and equipment with carrying amount of HK$9,490,000 were disposed of during the period.

At 30 September 2010, the carrying amounts of the Group's freehold land and buildings were stated at fair value, which was determined by the Directors with reference to the estimated market value.

8. **INVESTMENT PROPERTIES**

No addition or disposal of investment properties were made during the period.

At 30 September 2010, the carrying amounts of the Group's investment properties were stated at fair value, which was determined by the Directors with reference to the estimated market value.

9. **TRADE RECEIVABLES**

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

	30.9.2010	31.3.2010
	(Unaudited)	(Audited)
	HK$'000	HK$'000
0–60 days	**144,731**	120,723
61–90 days	**53,763**	49,334
Over 90 days	**108,625**	98,556
	307,119	268,613

10. **TRADE PAYABLES**

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

	30.9.2010	31.3.2010
	(Unaudited)	(Audited)
	HK$'000	HK$'000
0–60 days	**31,833**	42,468
61–90 days	**1,870**	3,614
Over 90 days	**3,335**	1,160
	37,038	47,242

11. BORROWINGS

	30.9.2010 (Unaudited) HK$'000	31.3.2010 (Audited) HK$'000
Borrowings wholly repayable within five years:		
– Other loan	**7,905**	7,499
– Obligations under finance leases	**3,231**	3,672
	11,136	11,171
Less: Current portion due within one year included under current liabilities		
– Other loan	**7,905**	7,499
– Obligations under finance leases	**1,171**	979
	9,076	8,478
Non-current portion included under non-current liabilities		
– Obligations under finance leases	**2,060**	2,693

At 30 September 2010 and 31 March 2010, other loan denominated in Australian dollars, 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.

11. BORROWINGS (Continued)

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

	Minimum lease payments		Present value of minimum lease payments	
	30.9.2010	31.3.2010	**30.9.2010**	31.3.2010
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Obligation under finance leases:				
Due within one year	**1,880**	1,880	**1,171**	979
Due in the second to fifth years	**2,449**	3,389	**2,060**	2,693
	4,329	5,269	**3,231**	3,672
Less: future finance charges on finance lease	**(1,098)**	(1,597)		
Present value of lease obligations	**3,231**	3,672		
Less: Amount due for settlement within one year included under current liabilities			**(1,171)**	(979)
Amount due for settlement in the second to the fifth years included under non-current liabilities			**2,060**	2,693

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

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

12. SHARE CAPITAL

	30.9.2010 (Unaudited) HK$'000	31.3.2010 (Audited) HK$'000
Authorised:		
5,000,000,000 ordinary shares of HK$0.25 each	**1,250,000**	1,250,000
Issued and fully paid:		
2,397,917,898 ordinary shares of HK$0.25 each	**599,479**	599,479

13. OPERATING LEASE COMMITMENTS

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

	30.9.2010 (Unaudited) HK$'000	31.3.2010 (Audited) HK$'000
Within one year	**5,874**	4,219
In the second to fifth years	**2,206**	3,424
	8,080	7,643

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

14. OPERATING LEASE ARRANGEMENTS

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

	30.9.2010 (Unaudited) HK$'000	31.3.2010 (Audited) HK$'000
Within one year	**3,458**	5,352
In the second to fifth years	**5,773**	6,273
	9,231	11,625

The Group leases its investment properties under operating lease arrangements which run for an initial period of half to five years, with and without an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. The terms of the leases generally also require the tenants to pay security deposits. None of the leases include contingent rentals receivable.

15. RELATED PARTY TRANSACTIONS

The Group paid legal fees amounting to approximately HK$1,654,000 (six months ended 30 September 2009: HK$2,354,000) to Messrs. Iu, Lai & Li. Mr. Dominic LAI, a non-executive director of the Company, is a senior partner of Messrs. Iu, Lai & Li during the period. The transaction prices were considered by the Directors as estimated market value.

16. CAPITAL COMMITMENTS

As at 30 September 2010, the Group did not have any capital commitment (31 March 2010: Nil).

17. OUTSTANDING LITIGATIONS

At the dates of statement of financial position, there have been several outstanding defamatory and other litigations brought against the Group. The Group has been strongly contesting those claims. Even though the final outcome of the proceedings is still uncertain as of the date of these interim financial statements, the Directors are of the opinion that the respective ultimate liability, if any, will not have a material adverse impact upon the Group's financial position.

18. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved by the Board of Directors on 12 November 2010.

RESULTS

For the six months ended 30 September 2010, the Group's unaudited consolidated profit attributable to owners of the Company amounted to HK$156,725,000.

DIVIDEND

As the Group has launched a new free publication recently and is also actively seeking investment opportunities, the Directors considered it would be prudent for the Group to conserve sufficient cash resources to provide for the above. In addition, the prospects of Hong Kong economy remains unclear. The Directors have therefore decided not to pay any interim dividend for the six months ended 30 September 2010 (2009: Nil).

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% in readership as compared to the findings in June 2008. "Oriental Daily News" has been constantly seeking improvement and a higher level of newspapership. Apart from meeting of public's appetite for news quality, "Oriental Daily News" has also devoted much efforts to satisfy the reading taste of middle-class families. Accordingly, emphasis is placed on news and information on prominent public figures in the contents of "Oriental Daily News", and together with simple and fresh layout, it has successfully obtained the support and recognition of advertisers. In the period under review, both the sales and advertisement revenue of "Oriental Daily News" was well maintained.

"**The Sun**" is holding fast as the third best-selling Chinese newspaper in Hong Kong. Based on the findings of Oracle Added Value, "The Sun" readership hit 1,295,913 in March 2010, representing an increase of 284,069 or 28% in readership as compared to the findings in June 2008. After the recent significant reform, the layout and contents of "The Sun" have been enriched to provide young readers with abundant information on the young elite, and met with warm acceptance. In addition, with the object of obtaining the latest news, "The Sun" has during the period under review and on a trial basis postponed publication for the first time, so that readers could be provided with the latest news in the early hours of the day when the newspaper was published. This trial turned out to be a huge success, and also highlights the striving and energetic style of "The Sun", which is welcomed by its readers and advertisers.

"**on.cc**" has introduced its Chinese name "東方互動" in July 2010. It provides services to Chinese on-line viewers all over the world. In August 2010, "on.cc" maintained its leadership in this new media sector in Hong Kong, by delivering 24-hour non-stop live broadcast of the development of the bus hijack tragedy in Philippines. A remarkable record of 30 million daily viewed pages and 2.74 million monthly unique visitors was achieved. Launched last year, the iPhone real time news and "m.on.cc", the mobile version of "on.cc" on smart phones, further allowed our readers to grasp the latest development of news on their way to work or home, and has become the "must-visit" sites for many users going online by mobile phone. "on.cc" has recently released its iPad application to provide "Oriental Daily News", "The Sun" and real time news, and further strengthens its leading position in advertising development of this new media sector. During the 2010 World Cup, the advertisers made use of "on.cc" website, its mobile version, iPhone software, television advertisements and sponsored programs as the main gateways to attract audiences of the new generation, and the outcome was outstanding. During the period under review, "on.cc" launched a property website to broaden its customer base and contributed additional revenue to the Group. "Money 18", the financial website under the Group, has set a new record of 12.5 million monthly unique visitors in spite of the stagnant market, breaking the trend of low viewership of financial websites in periods of financial uncertainties. "Money 18" has introduced the new function of Candlestick Chart, and also the widely acclaimed "Money 18 up and down trend", the first of its kind, which compiles the statistics of price range movements and trading frequencies of shares of all Hong Kong listed companies, and predicts share price movements on the following day for the mass investors. "Money 18" is the must-pick website for the advertisers of the financial sector entering this new media market.

"**ontv**" appeared in a brand new image in mid-2010 with the new Chinese name – "東方電視". The newly designed multi-modal interface incorporates more features to access functions of social networking websites. The audiences can communicate more easily by using videos in search engines and social networking websites, which can generate a flow of visitors and enhance the influence of the Group. The monthly unique visitors even achieved a new record high of 1.36 million.

On the Group's overseas investments, our investment properties overseas have continued to generate steady rental income.

BUSINESS DEVELOPMENT AND OUTLOOK

Hong Kong's economy has recovered gradually from the aftermath of the financial tsunami, and the consumer market has started to pick up, benefitting the development of our advertising business. To enlarge our market share in the advertising sector of high-end consumables, the Group has launched another newspaper-style free publication, "Flash ON", in addition to the existing newspaper supplements "Pandaa!" and "LUXE life". As a quality lifestyle paperzine, "Flash ON" features up-market consumer products from high fashion, trendy commodities, travel and entertainment to luxury cars, enriching the taste of our readers' lifestyle and expanding our income source. It is expected that "Flash ON" will contribute to the Group's earnings in the near future.

The Group will continue to strengthen the sales volume and advertising market share of our two newspapers. We will also enhance cooperation opportunities between our two newspapers and online portal, and diversify the contents of "ontv", with the aim of achieving effective internet penetration and providing one-stop services for our advertisers. In addition, our website service will be in a better positions to capture more target audiences. With mobile internet application gaining popularity and receiving greater attention from advertisers, "on.cc" will introduce our two newspapers, "ontv" and real time news to more mobile platforms. We believe that with the support of our professional editorial team, we will be able to provide the Chinese community around the world with premium news anytime anywhere. Meanwhile, "on.cc" is planning to kick start other projects, such as online shopping, to expand our customer base and further enhance our earnings.

In addition to our newspaper publication business, the Group is progressively exploring other business opportunities and has established a number of wholly-owned subsidiaries for the purpose of developing real estate projects and/or hotel business, so as to broaden our income source and diversify our businesses.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital at 30 September 2010 amounted to HK$2,062,279,000 (31 March 2010: HK$1,901,282,000), which includes time deposits, bank balances and cash amounting to HK$1,780,882,000 (31 March 2010: HK$1,695,667,000).

At 30 September 2010, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.4% (31 March 2010: 0.4%).

During the period, the Group's capital expenditure was approximately HK$10,271,000.

EMPLOYEES

At 30 September 2010, the Group employed 2,148 employees. Remuneration for employees including medical benefits is determined based on industry practice, performance and working experience of the employees, and the current market conditions. The Group has implemented a training scheme to nurture a new generation of journalists.

EXPOSURE TO FOREIGN EXCHANGE

The Group mainly operates in Hong Kong and most of the Group's transactions are carried out in 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 US dollars 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 Audit Committee of the Company has reviewed the unaudited interim financial statements for the six months ended 30 September 2010 and has no disagreement with the accounting treatment adopted.

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

The Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules on the Stock Exchange throughout the six months ended 30 September 2010 save that the independent non-executive directors are not appointed for a specific term of office.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiries by the Company, all Directors have confirmed that they have achieved full compliance with the required standards as laid down in the Model Code for the six months ended 30 September 2010.

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

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

At 30 September 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

		Number of ordinary shares held					
Name of Director	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Percentage of Shareholding
Ching-fat MA	Trustee of a discretionary trust	–	–	–	1,798,437,284 *(Note)*	1,798,437,284	75.00%
Ching-choi MA	One of the beneficiaries of a discretionary trust	–	–	–	1,798,437,284 *(Note)*	1,798,437,284	75.00%
Shun-chuen LAM	Founder of a discretionary trust	–	–	–	1,798,437,284 *(Note)*	1,798,437,284	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, 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 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 30 September 2010, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its above-mentioned associated corporations, or had exercised any such rights.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

At 30 September 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 *(Note)*	75.00%
Wonderful Star Limited	Interest of controlled corporations	1,798,437,284 *(Note)*	75.00%
Magicway Investment Limited	Interest of controlled corporations	1,798,437,284 *(Note)*	75.00%
Ever Holdings Limited	Beneficial owner and interest of controlled corporations	1,798,437,284 *(Note)*	75.00%
Tarbela Company Limited	Beneficial owner	681,037,500 *(Note)*	28.40%
Tarboca Company Limited	Beneficial owner	301,502,020 *(Note)*	12.57%
Sermost Limited	Beneficial owner	354,778,400 *(Note)*	14.80%
Mui-fong HUNG	Interest of spouse	1,798,437,284 *(Note)*	75.00%
Maria Lai-chun CHAN	Interest of spouse	1,798,437,284 *(Note)*	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.

On behalf of the Board
Ching-fat MA
Chairman

Hong Kong, 12 November 2010

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