萬華媒體 二〇一〇至二〇一一年年報

BEIJING 北京
SHANGHAI 上海
GUANGZHOU 廣州
HONG KONG 香港

万华媒体

One Media Group Limited
萬 華 媒 體 集 團 有 限 公 司

Stock Code 股份代號：426

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. TIONG Kiu King *(Chairman)*
Mr. TIONG Kiew Chiong
Mr. LAM Pak Cheong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. YU Hon To, David
Mr. SIT Kien Ping, Peter
Mr. TAN Hock Seng, Peter

AUDIT COMMITTEE

Mr. YU Hon To, David *(Chairman)*
Mr. SIT Kien Ping, Peter
Mr. TAN Hock Seng, Peter

REMUNERATION COMMITTEE

Mr. SIT Kien Ping, Peter *(Chairman)*
Mr. YU Hon To, David
Mr. TAN Hock Seng, Peter
Mr. TIONG Kiew Chiong

NOMINATION COMMITTEE

Mr. TAN Hock Seng, Peter *(Chairman)*
Mr. YU Hon To, David
Mr. SIT Kien Ping, Peter
Mr. TIONG Kiew Chiong

COMPANY SECRETARY

Mr. YEUNG Ying Fat

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of Communications Company, Limited (Hong Kong Branch)

AUDITOR

PricewaterhouseCoopers

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16th Floor, Block A
Ming Pao Industrial Centre
18 Ka Yip Street, Chai Wan
Hong Kong

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

STOCK CODE

426

WEBSITE

www.omghk.com

GROUP'S PRINCIPAL ACTIVITIES

HONG KONG
Ming Pao Weekly 明報周刊
Top Gear 極速誌

MAINLAND CHINA
MING 明日風尚
Popular Science 科技新時代
Top Gear 汽車測試報告

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board of Directors") of One Media Group Limited (the "Company"), I am pleased to announce the results for the Company and its subsidiaries (collectively, the "Group") for the year ended 31st March 2011.

Hong Kong's strong growth momentum continued to benefit our operations in the city during the year under review. The ongoing buoyancy of luxury and branded goods retail sector in Hong Kong sustained advertisers' demand for advertising placements in our magazines. The Group's revenue derived from operations in Hong Kong has returned to levels seen before the outbreak of the global financial crisis two years ago. As Hong Kong's economy continues its robust growth trend, we expect this momentum will go on.

The Group's operations in Mainland China, while remained steady on the top line revenue, exhibited some improvements on the overall performance. This was resulted from our ongoing adjustments in the daily operation's efficiency and responding to the advertisers' specific needs. Given the fast growing economy of China, it is most likely that China will become one of the world's largest economies. Riding on this momentum, all industries, including the media industry, will benefit from it tremendously. We will continue to explore other means to further improve the performance of our operations in Mainland China.

I am pleased to take this opportunity to thank Mr. TUNG Siu Ho, Terence for his past contribution and to welcome our new Chief Executive Officer, Mr. LAM Pak Cheong, who has come on board since 1st April 2011. I myself and the Board of Directors will continue to support Mr. LAM to create value for all our stakeholders.

Last but not least, I would like to thank the management and staff for their efforts and contributions. I would also like to sincerely thank our advertising partners, readers, and shareholders for their continuous support. We are looking forward to strong results and promising prospects ahead.

TIONG Kiu King
Chairman

Hong Kong, 30th May 2011

EVENTS OF THE YEAR

"Ming Pao Weekly 明報周刊"

1. **"918 Revamp" Campaign**
   Fund generated from the charity sale of *"Ming Pao Weekly 明報周刊"* was donated to the Community Chest of Hong Kong.
2. Artists fully supported the event by their generous donation.
3. **"Show Biz Awards 2010" Presentation**
   Mr. Simon YAM (right) and Ms. Carrie NG (left) served as the Film category award presenters.
4. Winners of the Television category shared happiness with guests.
5. **"2010 Elite Awards" Presentation**
   The awarded corporate brands were recognised for their outstanding performance and contribution to society.

EVENTS OF THE YEAR

"Top Gear 極速誌"

6. **"Car of the Year 2010" Presentation**
   Management of One Media Group took a group photo with the winners.
7. **"I'm Going Green with Bridgestone" Exhibition**
   The exhibition aimed at raising car owners' awareness of environmental protection.

"Hi-Tech Weekly 數碼誌尚"

8. **"Hi-Tech Girls 2010 Contest"**
   Management of One Media Group and guests took a group photo with 8 finalists.
9. **"Gadgets Fair"**
   The event enhanced the interaction among *"Hi-Tech Weekly 數碼誌尚"*, readers and advertisers.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS SUMMARY

Hong Kong's economy has continued to improve and the Group's businesses derived benefits from this improvement. The advertising revenue of the Group, especially Hong Kong segment, experienced a satisfactory growth during the financial year. Meanwhile, direct costs and other operating costs were contained at the same level as the previous year.

The Group's revenue for financial year ended 31st March 2011 was HK$18,814,000 or 10% higher than that of the previous year at HK$200,188,000 (2010: HK$181,374,000). The Group achieved remarkable results and registered a profit before income tax for the year of HK$27,174,000, up HK$17,488,000 or 181% from HK$9,686,000 of the previous year.

REVIEW OF OPERATIONS

Hong Kong

The Group has a strong operation platform in Hong Kong. During the year under review, the turnover from the operation in Hong Kong, which accounted for 82% of the Group's revenue, was HK$164,693,000 (2010: HK$146,361,000), up HK$18,332,000 or 13% from the previous year. The increase mainly came from the growth in advertising revenue contributed by the improved consumer sentiments as well as effective sales efforts. The segment profit from the operation in Hong Kong surged by HK$14,578,000 or 41% to HK$50,528,000 (2010: HK$35,950,000).

With effect from March 2011, the Group discontinued the operation of "*Hi-Tech Weekly 數碼誌尚*". This decision came as part of the management's vigilant response to the rapidly changing operating environment and would allow the Group to consolidate its resources to cater to opportunities in more profitable segments.

During the year, Hong Kong's sustaining improvement in its economy gave rise to strong momentum for retail sales of luxury and branded goods, fueling the robust advertising revenue growth of "*Ming Pao Weekly 明報周刊*", as this flagship title of the Group stayed firm on its positioning as a clean and chic source of lifestyle and entertainment news for readers in the high-income class. The unique positioning of "*Top Gear 極速誌*" as the one of the most authoritative Chinese-language motor magazine, with a strong international editorial backing, secured loyal supports from advertisers of motor-related and high-end merchandises.

Mainland China

Turnover from the operation in Mainland China for the year slightly rose by 1% year-on-year or HK$482,000 to HK$35,495,000 (2010: HK$35,013,000). The operating loss during the year reduced further by HK$2,507,000 or 15% to HK$14,138,000 (2010: HK$16,645,000). This improvement was attributable to the ongoing cost-containment measures and the focus on realigning the operation structure.

With the editorial direction and content production driven by the team in Mainland China, "*MING 明日風尚*" had increasingly established its positioning as a conduit of metropolitan lifestyle infotainment reading for the expanding middle class readers. The rapidly growing auto market in Mainland China and the urge of Chinese consumers for state-of-the-art motorsport technology news helped sustain steady support for "*Top Gear 汽車測試報告*". "*Popular Science 科技新時代*" stayed firm on its direction to bring science news, and topical feature coverage of interest to Chinese readers.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Inheriting the momentum established during last two years and in light of the gradual revival of economies in Hong Kong and Mainland China after the global financial crisis and barring unforeseen adverse circumstances, the Group expects its overall performance for the coming year will be satisfactory.

Going ahead, the Group will continue to manage its already established lifestyle magazine business while identifying new opportunities to launch new products. Meanwhile the Group will continue to explore the potential acquisition opportunities that will create shareholders' value.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31st March 2011, the Group's net current assets amounted to HK$136,853,000 (2010: HK$160,222,000) and the total equity attributable to the equity holders of the Company was HK$143,971,000 (2010: HK$167,058,000). The Group had no bank borrowings (2010: Nil) and the gearing ratio, which is defined as the ratio of total bank borrowings to the total equity attributable to the equity holders of the Company, was 0% (2010: 0%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's revenues and costs are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. Since Hong Kong dollars remain pegged to the United States dollars, the Group does not foresee substantial risks from exposure to United States dollars. For subsidiaries in the People's Republic of China ("PRC"), most of the sales and purchases are denominated in Renminbi, the exposure to foreign exchange risk is expected to be minimal.

CONTINGENT LIABILITIES

As at 31st March 2011, the Group did not have any material contingent liabilities or guarantees (2010: Nil).

CLOSURE OF THE REGISTER OF THE MEMBERS

The register of members will be closed from Wednesday, 17th August 2011 to Tuesday, 23rd August 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend of HK2 cents per ordinary share, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. Tuesday on 16th August 2011.

EMPLOYEES AND EMOLUMENT POLICY

As at 31st March 2011, the Group has approximately 226 employees (2010: 225 employees), of which 130 and 96 were stationed in Hong Kong and in Mainland China, respectively. The Group remunerates its employees based on the operating results, individual performance and comparable market statistics. The emoluments of the directors and senior management are reviewed by the Remuneration Committee regularly. The Company has implemented share option schemes as an incentive to the directors (the "Directors") of the Company and eligible employees.

In Hong Kong, the Group participates in the hybrid retirement benefit scheme operated by the Company's fellow subsidiary and the Mandatory Provident Fund scheme for its employees. In Mainland China, the Group provides to its employees social security plans in relation to retirement, medical care and unemployment and has made the required contributions to the local social insurance authorities in accordance with relevant laws and regulations in Mainland China.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements for the year ended 31st March 2011.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 8 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in Note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 37. The Directors have declared an interim dividend of HK0.75 cent (2010: HK0.5 cent) per ordinary share, totalling HK$3,000,000 (2010: HK$2,000,000) which was paid on 14th January 2011. The Directors recommended the payment of a final dividend of HK2 cents (2010: HK0.5 cent) per ordinary share, totalling HK$8,000,000 (2010: HK$2,000,000).

A special dividend of HK10 cents per ordinary share, totaling HK$40,000,000 for the year ended 31st March 2010 was paid on 10th September 2010.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 14 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 13 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31st March 2011, including the share premium, available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to HK$519,952,000 (2010: HK$565,315,000).

Under the laws of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

The reserves of the Company available for distribution depend on the dividend distributable by the Company's subsidiaries. For the dividend purpose, the amount which the Company's subsidiaries in the PRC can legally distribute by way of a dividend is determined by reference to their profits as reflected in the PRC statutory financial statements which are prepared in accordance with accounting principles generally accepted in the PRC. These profits differ from those that are reflected in the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards and disclosure requirements of the Hong Kong Companies Ordinance.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association (the "Articles"), or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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 88.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

SHARE OPTIONS

The Company has two share option schemes (the "Schemes"). A pre-IPO share option scheme ("Pre-IPO Share Option Scheme") was approved and adopted by shareholders on 26th September 2005 (the "Adoption Date"). Another share option scheme, a post-IPO share option scheme ("Post-IPO Share Option Scheme"), was also approved on the same date, 26th September 2005 by the shareholders of the Company. The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Post-IPO Share Option Scheme (where applicable) except for the following principal terms: (a) the subscription price per share was the final Hong Kong dollar price per share at which shares were to be sold in an offer for sale in Hong Kong on 18th October 2005 (the "Listing Date"), being the date of the shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); and (b) no options would be offered or granted upon the commencement of dealings in the shares of the Stock Exchange.

Under the Post-IPO Share Option Scheme, the subscription price per share is a price to be determined by the Board of Directors which shall be the highest of the closing price of the shares on the Stock Exchange on the relevant offer date, the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the relevant offer date or the nominal value of the shares. The Board of Directors may grant options to subscribe the shares of the Company to any full time employee, executive and non-executive directors (including the independent non-executive directors) of the Group or Media Chinese International Limited ("MCI") and its subsidiaries (the "MCI Group") (for so long as the Company remains to be a subsidiary of MCI) ("Employee").

The purposes of the Schemes are to encourage employees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole, and to motivate them to achieve higher levels of good corporate governance.

The maximum number of shares in respect of which options may be granted under the Schemes when aggregated with the maximum number of shares in respect of any options to be granted under any other share option schemes established by the Company (if any) is that number which is equal to 10% of the issued share capital of the Company immediately following the commencement of dealings in the shares of the Company on the Stock Exchange. As at 31st March 2011, the total number of shares of the Company that may be issued upon exercise of all share options granted and yet to be exercised under the Pre-IPO Share Option Scheme was 10,208,000 shares, which represented 2.55% of the issued share capital of the Company as at that date. As at 31st March 2011, no option has been granted or agreed to be granted by the Company under the Post-IPO Share Option Scheme. No Employee shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted to such employee in any 12-month period up to the date of the latest grant would exceed 1% of the issued share capital of the Company from time to time.

SHARE OPTIONS *(Continued)*

The period within which an option may be exercised under each of the Schemes will be determined and notified by the Board of Directors in its absolute discretion (subject to any vesting periods, if applicable), save that no option may be exercised later than 10 years from the date of offer of the option or 10 years after the Adoption Date, whichever is earlier. As evidenced by the vesting periods of the options granted under the Pre-IPO Share Option Scheme, no option granted under the Pre-IPO Share Option Scheme will be exercisable within six months from the Listing Date. Save for the number of shares which may be subscribed for pursuant to the exercise of options and the vesting periods of the options granted, each option so granted under the Pre-IPO Share Option Scheme has the same terms and conditions. The offer of a grant of share option may be accepted within 28 days from the date of offer upon payment of a nominal consideration of HK$1 by the grantee.

In relation to the options granted to the grantees, either of the following two vesting scales has been applied:

(i) 20% of the shares comprised in the option will vest on each of the five anniversaries of the Listing Date from the first anniversary of the Listing Date to the fifth anniversary of the Listing Date; or

(ii) 100% of the shares comprised in the option will fully vest on the first anniversary of the Listing Date,

as the case may be, which has been specified in the offer letters to the grantees.

Details of the share options outstanding and movements during the year ended 31st March 2011 are as follows:

		Number of shares involved in share options								
Grantee		Balance at 1st April 2010	Granted during the year *(Note 3)*	Exercised during the year *(Note 3)*	Lapsed during the year *(Note 4)*	Balance at 31st March 2011	Percentage of issued ordinary shares as at 31st March 2011	Exercise price per share *HK$*	Date of grant	Exercisable period
Directors of the Company:										
Mr. TIONG Kiu King	*(Note 1)*	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005-25/09/2015
Mr. TIONG Kiew Chiong	*(Note 1)*	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005-25/09/2015
Mr. TUNG Siu Ho, Terence*	*(Note 1)*	1,000,000	–	–	–	1,000,000	0.25%	1.200	27/09/2005	18/10/2005-25/09/2015
Mr. Peter Bush BRACK#	*(Note 1)*	1,250,000	–	–	(1,250,000)	–	–	1.200	27/09/2005	18/10/2005-25/09/2015
Mr. YU Hon To, David	*(Note 1)*	150,000	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005-25/09/2015
Mr. SIT Kien Ping, Peter	*(Note 1)*	150,000	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005-25/09/2015
Mr. TAN Hock Seng, Peter	*(Note 1)*	150,000	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005-25/09/2015
		5,200,000	–	–	(1,250,000)	3,950,000	0.99%			
MCI's directors:										
Tan Sri Datuk Sir TIONG Hiew King	*(Note 1)*	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005-25/09/2015
Dato' Sri Dr TIONG Ik King	*(Note 1)*	1,000,000	–	–	–	1,000,000	0.25%	1.200	27/09/2005	18/10/2005-25/09/2015
		2,250,000	–	–	–	2,250,000	0.56%			
Full time employees	*(Note 1)*	3,850,000	–	–	(650,000)	3,200,000	0.80%	1.200	27/09/2005	18/10/2005-25/09/2015
Full time employees	*(Note 2)*	856,000	–	–	(48,000)	808,000	0.20%	1.200	27/09/2005	18/10/2005-25/09/2015
Total		12,156,000	–	–	(1,948,000)	10,208,000	2.55%			

* Mr. TUNG Siu Ho, Terence resigned as an executive Director and Chief Executive Officer of the Company with effect from 1st April 2011 and his share options had lapsed upon his resignation.

Mr. Peter Bush BRACK resigned as a non-executive Director and Vice Chairman of the Company with effect from 10th May 2010 and his share options had lapsed upon his resignation.

SHARE OPTIONS *(Continued)*

Notes:

In relation to the options granted to the grantees, either of the following two vesting scales has been applied:

1. 20% of the Company's share comprised in the option will vest on each of the five anniversaries of the Listing Date from the first anniversary of the Listing Date to the fifth anniversary of the Listing Date; or

2. 100% of the Company's share comprised in each of the option will fully vest on the first anniversary of the Listing Date,

as the case may be, which has been specified in the offer letters to the grantees. Subject to the relevant vesting period, each option has a 10-year exercisable period from the date of the offer of the option. As evidenced by the vesting periods of the options granted under the Pre-IPO Share Option Scheme, no option granted under the Pre-IPO Share Option Scheme will be exercisable within six months from the Listing Date.

3. No share option was granted, exercised or cancelled during the year.

4. During the year, 1,948,000 share options have been lapsed by reason of the grantees ceased to be Director and full time employees of the Group.

5. The fair value of the options granted is set out in Note 13 to the consolidated financial statements.

Apart from the Schemes, at no time during the year were rights to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company granted to any Directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or its holding companies or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporates.

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Mr. TIONG Kiu King *(Chairman)*
Mr. TIONG Kiew Chiong *(Deputy Chairman)*
Mr. TUNG Siu Ho, Terence (resigned as an executive Director and Chief Executive Officer on 1st April 2011)
Mr. LAM Pak Cheong (appointed as an executive Director and Chief Executive Officer on 1st April 2011)
Mr. Peter Bush BRACK# (resigned as a non-executive Director and Vice Chairman on 10th May 2010)
Mr. YU Hon To, David*
Mr. SIT Kien Ping, Peter*
Mr. TAN Hock Seng, Peter*

** Independent non-executive Directors*
 # Non-executive Director

In accordance with Article 108(a) of the Articles, Mr. YU Hon To, David and Mr. SIT Kien Ping, Peter will retire by rotation at the annual general meeting and, being eligible, offer himself for re-election. In addition, pursuant to Article 112 of the Articles, Mr. LAM Pak Cheong will retire, being eligible, and offer himself for re-election.

The Company has received annual written confirmations from each of the independent non-executive Directors in regard to their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

None of the Directors who is proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

The service contracts of Mr. TIONG Kiu King and Mr. TIONG Kiew Chiong as executive Directors were for an initial fixed term of one year and shall continue unless and until terminated by either party giving to the other not less than three months' prior notice in writing to terminate the appointment, while the appointment of Mr. LAM Pak Cheong as an executive Director is not for a specific term.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from 1st April 2010 to 31st March 2013.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its holding companies or its fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

TIONG Kiu King, aged 76, was appointed as an executive Director in April 2005 and is the Chairman of the Company. He has been an executive director of MCI (stock code: 0685) since October 1995. MCI is the holding company of the Company and it is publicly listed on the Stock Exchange and Bursa Malaysia Securities Berhad. He has extensive business experience in many industries including media and publishing, property development, plantation, as well as investment projects in Mainland China. He also holds directorships in various subsidiaries of the Company and other private limited companies. He graduated with a Diploma in Civil Engineering from Tak Ming College in Hong Kong. He is the brother of Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King, who both are substantial shareholders of the Company. He is also a distant relative of Mr. TIONG Kiew Chiong, who is an executive director and the Deputy Chairman of the Company.

TIONG Kiew Chiong, aged 51, was appointed as an executive Director in March 2005 and is the Deputy Chairman of the Company. Mr. TIONG is also the Chairman of the executive committee of the Company (the "Executive Committee") and a member of the Remuneration Committee and Nomination Committee of the Company. He has been an executive director of MCI (stock code: 0685) since May 1998. MCI is the holding company of the Company and it is publicly listed on the Stock Exchange and Bursa Malaysia Securities Berhad. Mr. TIONG has extensive experience in the media business. He is one of the founders of "*The National*", a newspaper in Papua New Guinea launched in 1993. Mr. TIONG obtained a Bachelor of Business Administration (Honours) from York University, Toronto, Canada in 1982. Mr. TIONG currently serves as an executive director of RH Petrogas Limited, a Singaporean company listed on the main board of Singapore Stock Exchange (stock code: T13). He also sits on the board of various subsidiaries of the Company and several private limited companies. He is a distant nephew of Tan Sri Datuk Sir TIONG Hiew King, Mr. TIONG Kiu King and Dato' Sri Dr. TIONG Ik King. Mr. TIONG Kiu King is the Chairman of the Company and both Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King are substantial shareholders of the Company.

LAM Pak Cheong, aged 42, joined the Group in April 2004 and was appointed as an executive Director and the Chief Executive Officer of the Company on 1st April 2011. Mr. LAM is also a member of the Executive Committee and is in charge of overseeing all business operations of the Group. He is also the Head of Finance and a member of the Hong Kong Executive Committee of MCI, the controlling shareholder of the Group. Mr. LAM has extensive experience in corporate development, financial management, mergers and acquisitions, corporate governance and investor relations. He is an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. LAM obtained a Master of Business Administration in Financial Services jointly from the University of Manchester and the University of Wales, Bangor in the United Kingdom and a Master of Corporate Governance from the Hong Kong Polytechnic University in Hong Kong. He also holds directorships in various subsidiaries of the Company.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Independent non-executive Directors

YU Hon To, David, aged 63, has been an independent non-executive Director of the Company since June 2005. He is also the Chairman of the Audit Committee, and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. YU is a fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Hong Kong Institute of Certified Public Accountants. He was formerly a partner of an international accounting firm with extensive experience in corporate finance, auditing and corporate management. Mr. YU is the Vice Chairman of MCL Partners Limited, a Hong Kong based financial advisory and investment firm. He is currently an independent non-executive director of MCI (stock code: 0685).

During the three-year period immediately preceding 31st March 2011, Mr. YU had been and subsequently resigned as an independent non-executive director of a Hong Kong-listed company, Cinda International Holdings Limited (formerly known as Hantec Investment Holdings Limited) (stock code: 0111) (resigned on 23rd December 2008). He currently serves as an independent non-executive director of Great China Holdings Limited (stock code: 0141), Playmates Holdings Limited (stock code: 0635), TeleEye Holdings Limited (stock code: 8051), VXL Capital Limited (stock code: 0727), Haier Electronics Group Co., Limited (stock code: 1169), Hong Kong Energy (Holdings) Limited (stock code: 0987), Synergis Holdings Limited (stock code: 2340), Sateri Holdings Limited (stock code: 1768) and China Datang Corporation Renewable Power Co., Limited (stock code: 1798), all of which are listed companies in Hong Kong.

SIT Kien Ping, Peter, aged 58, has been an independent non-executive Director of the Company since June 2005. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. He is a solicitor of Hong Kong, a notary public and a China-appointed attesting officer. Mr. SIT has over 32 years of experience in advising on commercial transactions and conveyancing projects, and currently is a senior and founding partner of Sit, Fung, Kwong & Shum, a law firm in Hong Kong.

TAN Hock Seng, Peter, aged 77, has been an independent non-executive Director of the Company since June 2005. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr. TAN is currently the director of International Credit Money Research Centre of Yenching Institute and a visiting professor of Economics of the College of Arts and Science of Beijing United University. He is an experienced investor and researcher in the area of currency economics and has organised various seminars about international currencies and economies in the PRC. Mr. TAN obtained a Bachelor in Geology from Peking Geology University in the PRC.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Senior management

CHAN Yiu On, Terry, aged 54, joined the MCI Group in July 2005, is the Chief Operating Officer of the Group. Mr. CHAN is also a member of the Executive Committee. He is in charge of the overall sales and marketing and the general management of the business operation of the Group. Mr. CHAN has 33 years of extensive experience in media industry in Hong Kong. Prior to joining the MCI Group, he had worked in several media companies engaged in the business of advertising, media agency, terrestrial TV, print publishing and radio broadcasting. He is very familiar with the media industry and is an experienced senior executive of the advertising industry in Hong Kong. Mr. CHAN is currently the board member of The Society of Publishers in Asia.

LUNG King Cheong, aged 57, joined the Group in January 1996, is the Editorial Director of the Group. Mr. LUNG is also a member of the Executive Committee. He is in charge of the overall editorial works and the general management of the editorial team of all publications of the Group. Mr. LUNG has extensive publishing and editorial experience in Hong Kong. Prior to joining the Group, he was the Chief Editor and Publisher of "*Hong Kong Today*". Mr. LUNG is very familiar with the media industry and is one of the most experienced chief editors of lifestyle magazines in Hong Kong.

YEUNG Ying Fat, aged 43, joined the MCI Group in February 1997, is the Financial Controller of the Group. Mr. YEUNG was appointed as Company Secretary of the Company on 1st April 2011. He is in charge of the financial, management accounting and company secretarial affairs of the Group. Mr. YEUNG has extensive experience in financial accounting and management accounting. He is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the MCI Group, he had worked in several international accounting firms for more than 4 years. Mr. YEUNG obtained a Bachelor of Management in Accounting from the University of Lethbridge in Canada.

WONG Ching Hang, Cynthia, aged 44, joined the Group in January 1995, is the Business Director of the Group. She is in charge of the overall advertising sales and the business development of all publications of the Group. Ms. WONG has extensive advertising sales experience in the media industry. She obtained a Higher Certificate in Marketing and Sales Management from the Hong Kong Polytechnic University in Hong Kong.

ZHOU Guohua, aged 39, joined the Group in December 2007, is the Chief Executive Officer of the Group's operation in Mainland China. He is in charge of the Group's business operation in Mainland China. Mr. ZHOU has over 15 years of experience in media industry in Mainland China.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31st March 2011, the interests or short positions of the Directors, chief executives and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified or as required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

(a) Interests in the Company's shares

	Number of shares/underlying shares held						
Name of Director	**Personal interest**	**Family interest**	**Corporate interest**	**Total interests in shares**	**Interests in underlying share pursuant to shares options** *(Note)*	**Aggregate interests**	**Percentage of issued ordinary shares as at 31st March 2011**
Mr. TIONG Kiu King	–	–	–	–	1,250,000	1,250,000	0.31%
Mr. TIONG Kiew Chiong	4,000,000	–	–	4,000,000	1,250,000	5,250,000	1.31%
Mr. TUNG Siu Ho, Terence*	–	–	–	–	1,000,000	1,000,000	0.25%
Mr. YU Hon To, David	–	–	–	–	150,000	150,000	0.04%
Mr. SIT Kien Ping, Peter	–	–	–	–	150,000	150,000	0.04%
Mr. TAN Hock Seng, Peter	200,000	–	–	200,000	150,000	350,000	0.09%

* Mr. TUNG Siu Ho, Terence resigned as an executive Director and Chief Executive Officer of the Company with effect from 1st April 2011 and his share options had lapsed upon his resignation.

Note: For further details on these share options, please refer to the paragraph "Share Options".

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

(b) Interests in shares in MCI

	Number of shares/underlying shares held						
Name of Director	Personal interest	Family interest	Corporate interest	Total interest in shares	Deemed interests in MCI's shares pursuant to shares options *(Note)*	Total number of MCI's shares in which the Director has or is deemed to have interests	Approximate percentage of issued ordinary shares as at 31st March 2011
Mr. TIONG Kiu King	2,540,559	147,000	–	2,687,559	600,000	3,287,559	0.20%
Mr. TIONG Kiew Chiong	3,246,483	–	–	3,246,483	600,000	3,846,483	0.23%

Note: These represent share options granted by MCI to the relevant Directors under the share option scheme approved at a special general meeting of MCI held on 21st August 2001 to subscribe for shares in MCI. Further details of these share options are as follows:

Name of Director	Underlying MCI's shares pursuant to share options	Approximate percentage of interest in MCI	Exercise price per MCI's share *HK$*	Date of grant	Exercisable period
Mr. TIONG Kiu King	300,000	0.018%	1.592	31/8/2001	1/9/2001-20/8/2011
	300,000	0.018%	1.800	15/9/2003	16/9/2003-20/8/2011
Mr. TIONG Kiew Chiong	300,000	0.018%	1.592	31/8/2001	1/9/2001-20/8/2011
	300,000	0.018%	1.800	15/9/2003	16/9/2003-20/8/2011

Save as disclosed above and those disclosed under the paragraph headed "Share Options", as at 31st March 2011, none of the Directors, chief executives and their associates had any interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT
OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS AND PERSONS WHO HAVE AN INTEREST OR SHORT POSITIONS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that as at 31st March 2011, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Name of shareholder	Number of Ordinary shares held	Capacity	Percentage of issued ordinary shares as at 31st March 2011
Comwell Investment Limited (*Note*)	292,700,000	Beneficial owner	73.18%

All the interests stated above represent long positions in the shares of the Company.

Note:

Comwell Investment Limited is an indirect wholly-owned subsidiary of MCI. Tan Sri Datuk Sir TIONG Hiew King, a director of MCI, is deemed interested in MCI in an aggregate of 52.48% by virtue of his personal interests, family interests and corporate interests. Dato' Sri Dr. TIONG Ik King, a director of MCI, is deemed interested in MCI in an aggregate of 15.65% by virtue of his personal interests and corporate interests.

In addition, MCI is directly held as to 9.15% by Zaman Pemimpin Sdn Bhd ("Zaman"). 49% of the interest in Zaman is held by Globegate Alliance Sdn Bhd, a company jointly owned by Ms. LU Mee Bing and Salmiah Binti SANI.

Save as disclosed above, the Company had not been notified of any other interests representing 5% or more of the issued share capital of the Company as at 31st March 2011.

MANAGEMENT CONTRACTS

Unless otherwise disclosed in this report and those disclosed under the paragraph headed "Continuing Connected Transactions", no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the Group sold less than 30% of its goods and services to its 5 largest customers.

The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

Purchases	
— the largest supplier	11%
— five largest suppliers combined	35%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

CONTINUING CONNECTED TRANSACTIONS

As disclosed in the prospectus issued by the Company dated 30th September 2005, the circular of the Company dated 20th July 2010, and announcements of the Company dated 20th April 2007, 12th February 2010, 25th March 2010, 28th June 2010 and 11th March 2011, a number of connected transactions have been entered into and will continue to be carried out between members of the Group and members of the MCI Group (the "Continuing Connected Transactions"). MCI is a substantial shareholder of the Company with an indirect holding of 73.18% of the issued share capital of the Company.

Pursuant to Chapter 14A of the Listing Rules, transactions carried out under the various licensing agreements (as amended by the supplemental agreements) constitute non-exempt continuing connected transactions and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Further, certain magazine services agreement, administrative services agreement, advertising space and service barter agreement and printing services agreement were entered and renewed. The transactions under these agreements are exempted from the independent shareholders' approval requirement but are still subject to the reporting and announcement requirements under the Listing Rules. Other Continuing Connected Transactions are exempted continuing connected transactions under the Listing Rules.

Save as the Continuing Connected Transactions exempted under Rules 14A.33(2) and 14A.33(3) of the Listing Rules, details of the non-exempt Continuing Connected Transactions during the year are set out as follows:

Nature of transactions	**For the year ended 31st March 2011**	**Annual cap**
	HK$'000	HK$'000
License fees *(Note 1)*	10,885	16,600
Circulation support services charges *(Note 2)*	1,335	3,500
Barter advertising expenses *(Note 3)*	1,274	2,000
Barter advertising income *(Note 3)*	(1,274)	(2,000)
Printing services charges *(Note 4)*	9,804	9,913
Charges for the leasing of office space, storage space and parking space *(Note 5)*	1,669	2,800

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes:

1. Pursuant to two licensing agreements entered into between Ming Pao Finance Limited ("MPF") and Ming Pao Magazines Limited ("MPM"), an indirect wholly-owned subsidiary of the Company, dated 1st February 2004 (as amended by the supplemental agreements dated 29th March 2004, 6th April 2004, 26th September 2005 and 20th September 2007 respectively), MPF conferred on MPM various rights to publish, market, distribute and selling advertising space in "*Ming Pao Weekly 明報周刊*" and "*Hi-Tech Weekly 數碼誌尚*". Each licensing agreement has a term of twenty-one years and two months from 1st February 2004 to 31st March 2025 and subject to the terms and conditions stated therein, such term will be automatically renewed upon its expiry in 2025 for periods of three years each. MPF is an indirect wholly-owned subsidiary of MCI and is therefore an associate of MCI. Accordingly, MPF is a connected person of the Company as defined under the Listing Rules. At the annual general meeting of the Company held on 24th August 2010, the terms of the licensing agreements, the annual caps of the transactions for the three years ending 31st March 2013 and the transactions contemplated under the licensing agreements were approved by the independent shareholders. The license fees were determined with reference to the range of licensing fees charged by independent market practitioners in the magazine licensing industry in Hong Kong and Mainland China markets.

2. Pursuant to a magazine services agreement entered into between Ming Pao Newspapers Limited ("MPN") and One Media Holdings Limited ("OMH"), a direct wholly-owned subsidiary of the Company, dated 1st February 2004, MPN agreed to provide the circulation support services to the Group for a term of three years and two months from 1st February 2004 to 31st March 2007. On 1st April 2007 and 25th March 2010, MPN and OMH executed two respective confirmation letters to confirm the renewal of the agreement on the same terms and conditions for a term of three years from 1st April 2007 to 31st March 2010 and 1st April 2010 to 31st March 2013 respectively. MPN is an indirect wholly-owned subsidiary of MCI and is therefore an associate of MCI. Accordingly, MPN is a connected person of the Company as defined under the Listing Rules. The circulation support services charge relates to the distribution, sale and promotion of the publications of the Group and was determined on cost reimbursement basis.

3. Pursuant to an advertising space and service barter agreement entered into between MCI and the Company dated 1st April 2007, barter advertising services were arranged between respective members of MCI Group and the Group for a term of three years from 1st April 2007 to 31st March 2010. On 25th March 2010, MCI and the Company executed a confirmation letter to confirm the renewal of the agreement on the same terms and conditions for a term of three years from 1st April 2010 to 31st March 2013. Under the agreement, members of MCI Group and the Group place advertisements in the publications published by the other party. The barter advertising expenses and income were determined based on the rates charged by or to (as appropriate) independent third parties.

4. Pursuant to a printing services agreement entered into between Guangzhou Kin Ming Printing Limited ("GZKM") and Beijing OMG Advertising Company Limited ("Beijing OMG"), an indirect wholly-owned subsidiary of the Company, dated 12th February 2010, GZKM agreed to provide the printing services to Beijing OMG for a term of thirteen months from 1st March 2010 to 31st March 2011. On 11th March 2011, GZKM and Beijing OMG executed a confirmation letter to confirm the renewal of the agreement on the substantially same terms and conditions for a term of two years from 1st April 2011 to 31st March 2013. GZKM is an indirect wholly-owned subsidiary of MCI and is therefore an associate of MCI. Accordingly, GZKM is a connected person of the Company as defined under the Listing Rules. The printing services charge relates to the printing of the magazines to be operated and/or distributed by Beijing OMG and was determined on the rates charged by third party suppliers.

5. Pursuant to an administrative services agreement entered into between Ming Pao Holdings Limited ("MPH") and OMH, a direct wholly-owned subsidiary of the Company, dated 1st February 2004, MPH agreed to lease the office space, storage space and parking space within Ming Pao Industrial Centre to the Group for a term of three years and two months from 1st February 2004 to 31st March 2007. On 1st April 2007 and 25th March 2010, MPH and OMH executed two respective confirmation letters to confirm the renewal of the agreement on the same terms and conditions for a term of three years from 1st April 2007 to 31st March 2010 and 1st April 2010 to 31st March 2013 respectively. MPH is an indirect wholly-owned subsidiary of MCI and is therefore an associate of MCI. Accordingly, MPH is a connected person of the Company as defined under the Listing Rules. The leasing charges were determined based on the prevailing market rates of the comparable premises.

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

The Continuing Connected Transactions have been reviewed by the independent non-executive Directors. The independent non-executive Directors have confirmed that the Continuing Connected Transactions have been entered into:

(a) the ordinary and usual course of business of the Group;

(b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as the case may be) independent third parties;

(c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

(d) within the respective cap amounts as disclosed in the previous announcements.

The Company's auditor was engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group in pages 20 to 21 of the Annual Report in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Apart from the aforesaid Continuing Connected Transactions, significant related-party transactions entered by the Group during the year ended 31st March 2011, which do not constitute connected transactions under the Listing Rules are disclosed in Note 27 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, it is confirmed that there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

COMPETING BUSINESS

Set out below is information disclosed pursuant to paragraph 8.10 of the Listing Rules:

MCI is a publicly listed company in Hong Kong and Malaysia. It is an investment holding company and the principal activities of its subsidiaries are the publishing, printing and distribution of Chinese language newspapers, magazines and books, and the provision of travel and travel related services in Hong Kong, North America, Malaysia and other Southeast Asian countries ("Remaining Business"). The substantial shareholders of MCI are Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King, both being executive Directors of MCI; and Mr. TIONG Kiu King and Mr. TIONG Kiew Chiong are executive Directors of the Company and MCI. As the contents and demographic readership of the publications of the Group and those of MCI Group are different, the Directors consider that there is a clear delineation between the businesses of the MCI Group and the Group and that there is no competition between the Remaining Business and the business of the Group. In addition, the Group is carrying on its business independently of, and at arm's length with, MCI Group.

Save as disclosed above, none of the Directors of the Company has any interest in a business which competes or is likely to compete with the business of the Group during the year.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who retires and, being eligible, offers itself for re-appointment.

By order of the Board

TIONG Kiu King
Chairman

Hong Kong, 30th May 2011

CORPORATE GOVERNANCE REPORT

Good corporate governance practices are crucial to the smooth and effective operation of a company and its ability to attract investment and protect shareholders' interest. The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules as its own code on corporate governance practices. The Company has complied throughout the year with the code provisions as set out in the Code except for a deviation from code provision E.1.2 of the Code.

Code provision E.1.2 stipulates that the Chairman of the board should attend the annual general meeting. Due to other commitment, Mr. TIONG Kiu King, the Chairman of the Board of Directors, was unable to attend the annual general meeting of the Company held on 24th August 2010. In his absence, Mr. TIONG Kiew Chiong, the executive Director and Deputy Chairman of the Company attended and took the chair of the said annual general meeting and ensured that proceedings of the meeting were conducted in order. The Company considers that sufficient measures have been taken to ensure that Company's corporate governance practices are no less exacting than those in the Code.

CONDUCT ON SHARE DEALINGS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code for securities transactions by the Directors. The Company has also established written guidelines regarding securities transactions on no less exacting terms of the Model Code for senior management and specific individual who may have access to price sensitive information in relation to the securities of the Company.

The Directors have confirmed, following specific enquiry by the Company, their compliance with the required standard as set out in the Model Code during the year ended 31st March 2011.

THE BOARD OF DIRECTORS

Composition and function

The Board of Directors currently comprises six Directors, of which three are executive Directors and the remaining three are independent non-executive Directors, as follows:

Name of Directors	Title
Executive Directors	
Mr. TIONG Kiu King	Executive Director and Chairman
Mr. TIONG Kiew Chiong	Executive Director and Deputy Chairman
Mr. LAM Pak Cheong	Executive Director and Chief Executive Officer
Independent non-executive Directors	
Mr. YU Hon To, David	Independent non-executive Director
Mr. SIT Kien Ping, Peter	Independent non-executive Director
Mr. TAN Hock Seng, Peter	Independent non-executive Director

For qualifications, experience, expertise and relationships (if any) of the board members, please refer to the biographies of each of the Directors as set out on pages 14 to 15.

THE BOARD OF DIRECTORS *(Continued)*

Composition and function *(Continued)*

Pursuant to the written guidelines adopted by the Company, specific matters are reserved to the Board of Directors for its decision and certain matters are delegated to the senior management.

The Board of Directors, led by the Chairman, is responsible for, inter alia:

(a) reviewing and approving the strategic direction of the Group established by executive Directors in conjunction with the management;

(b) reviewing and approving objectives, strategies and business development plans set by the Executive Committee;

(c) monitoring the performance of the Chief Executive Officer and the senior management;

(d) enhancing the standard of corporate governance;

(e) approving the nominations of Directors; and

(f) reviewing the effectiveness of the internal control system of the Group.

The senior management and the Executive Committee are responsible for:

(a) formulating strategies and business development plans, submitting the same to the Board of Directors for approval and implementing such strategies and business development plans thereafter;

(b) submitting report on the Group's operations to the Board of Directors on a regular basis;

(c) reviewing annual budgets and submitting the same to the Board of Directors for approval;

(d) reviewing salary increment proposal and remuneration policy and submitting the same to the Board of Directors for approval; and

(e) assisting the Board of Directors in conducting the review of the effectiveness of the internal control of the Group.

The Board of Directors has also formulated written guidelines determining which matters require a decision of the full board and which of the executive board.

Independence of independent non-executive Directors

Pursuant to the requirements of the Listing Rules, the Company has received annual written confirmation from each independent non-executive Director of his independence to the Group. The Group has reviewed and considered all independent non-executive Directors to be independent.

THE BOARD OF DIRECTORS *(Continued)*

Proceedings and retirement of Directors

In accordance with the Articles, subject to the manner of retirement by rotation of Directors from time to time prescribed under the Listing Rules and notwithstanding any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the numbers nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

The term of appointment of the independent non-executive Directors is three years from 1st April 2010 to 31st March 2013, and is subject to retirement and re-election by rotation at the annual general meeting under the Articles.

All Directors have access to board papers and related materials and are provided with adequate information on a timely manner. The Directors may, if necessary, seek legal or other independent professional advice at the expense of the Company pursuant to a written guideline adopted by the Board of Directors. In respect of regular board meetings or committee meetings, the agenda is sent out to the Directors at least 14 days before the meeting and the accompanying papers are sent at least three days before the intended date of meeting for information.

Directors' responsibilities

In relation to the financial reporting, all Directors acknowledge their responsibilities for preparing the financial statements of the Group. Directors are indemnified against all costs and liabilities that may be incurred by them in the execution of their duties. A Directors' and officers' liability insurance policy has been arranged for providing the indemnity.

GOVERNANCE STRUCTURE

As an integral part of good corporate governance, the Board of Directors has established the following committees whose authority, functions, composition and duties of each of the committees are set out below:

1. **Executive Committee**

   The Executive Committee is the decision-making body for day-to-day operation of the Group which currently comprises of Mr. TIONG Kiew Chiong, Mr. ONG See Boon, Mr. LAM Pak Cheong, Mr. CHAN Yiu On, Terry and Mr. LUNG King Cheong. Mr. TIONG Kiew Chiong is the Chairman of the Executive Committee.

   Its main duties include performing duties delegated by the Board of Directors and exercising the authorities and rights authorised by the same pursuant to the written guidelines.

GOVERNANCE STRUCTURE *(Continued)*

2. Remuneration Committee

The Remuneration Committee currently has four members, namely, Mr. SIT Kien Ping, Peter, Mr. YU Hon To, David, Mr. TAN Hock Seng, Peter and Mr. TIONG Kiew Chiong. Except Mr. TIONG Kiew Chiong, the rest are all independent non-executive Directors. Mr. SIT Kien Ping, Peter is the Chairman of the Remuneration Committee.

Written terms of reference have been adopted by the Board of Directors in compliance with the Listing Rules. The functions of the Remuneration Committee include, among other things:

(a) making recommendations to the Board of Directors of the Company's policy and structure for remuneration of the Directors and senior management;

(b) establishing a formal and transparent procedure for developing policy on remuneration; and

(c) determining specific remuneration packages for the Directors and senior management.

The remuneration of all Directors and their respective interest in share options are set out in Note 19 to the consolidated financial statements and under the "Share Options" paragraph in the Report of the Directors of this report.

During the year, the Remuneration Committee has reviewed the fees payable to independent non-executive Directors, and the remuneration policy and structure of the executive Directors and senior management of the Company. It has also reviewed the specific remuneration packages including the terms of employment and performance-based bonus of the Directors and senior management of the Company and offered advice on the same to the Board of Directors.

3. Nomination Committee

The Nomination Committee currently has four members, namely, Mr. TAN Hock Seng, Peter, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TIONG Kiew Chiong. Except Mr. TIONG Kiew Chiong, the rest are all independent non-executive Directors. Mr. TAN Hock Seng, Peter is the Chairman of the Nomination Committee.

Written terms of reference have been adopted by the Board of Directors in accordance with the recommendations in the Listing Rules. The functions of the Nomination Committee include, among other things, making recommendations to the Board of Directors on the Group's nomination policy and procedures and recommending candidates for directorship.

During the year, the Nomination Committee has assessed and recommended the appointment of new Director. It has also reviewed and is of the opinions that the size, structure and composition of the Board of Directors is adequate for the Company.

GOVERNANCE STRUCTURE *(Continued)*

4. Audit Committee

The Audit Committee comprises all three independent non-executive Directors, namely Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter. Mr. YU Hon To, David is the Chairman of the Audit Committee.

Written terms of reference have been adopted by the Board of Directors in compliance with the Listing Rules. The roles and functions of the Audit Committee include, among other things:

(a) overseeing the relationship with the Company's external auditor;

(b) making recommendation to the Board of Directors on the appointment, re-appointment and removal of the external auditor;

(c) reviewing the financial information of the Group including monitoring the integrity of the Group's financial statements, annual report and accounts, half-year report, quarterly reports and reviewing significant financial reporting judgments contained therein; and

(d) overseeing the Group's financial reporting system and internal control procedures.

During the year, the Audit Committee has regularly met with the management and the external auditor and reviewed and made recommendations to the following matters:

(a) reviewed the audited financial statements for the year ended 31st March 2011, the interim report for the six months ended 30th September 2010 and the quarterly financial reports for the quarters ended 30th June 2010, 30th September 2010, 31st December 2010 and 31st March 2011;

(b) reviewed and considered the report from the external auditor on the audit of the Group's financial statements;

(c) made recommendation to the Board of Directors for the appointment of the external auditor and reviewed the proposed audit fees for the year ended 31st March 2011;

(d) reviewed the external auditor's audit plan, audit strategy and scope of work for the year under review;

(e) reviewed the internal audit resource requirements, internal audit plan, internal audit reports, recommendations and management response;

(f) reviewed the continuing connected transactions entered into by the Group; and

(g) reviewed the training programmes of the staff of the Group's accounting and financial reporting function.

GOVERNANCE STRUCTURE *(Continued)*

5. Investment Committee

The Investment Committee has four members, namely, Mr. TIONG Kiew Chiong, Mr. TAN Hock Seng, Peter, Mr. ONG See Boon and Mr. LAM Pak Cheong. Mr. TIONG Kiew Chiong is the Chairman of the Investment Committee.

Written terms of reference have been adopted by the Board of Directors pursuant to the Articles. The functions of the Investment Committee include, among other things:

(a) advising the Board of Directors in determining investment policies, objectives and strategies;

(b) executing investment policies and strategies approved by the Board of Directors;

(c) operating the fund;

(d) selecting, appointing, monitoring and terminating investment managers; and

(e) reviewing the investment performance of each investment product.

NUMBER OF MEETINGS AND THE ATTENDANCE RATE

The following table shows the number of regular board meetings and committee meetings held during the year as well as the attendance rate of each Director.

Attendance rate

Name of Director	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Mr. TIONG Kiu King	4/6	N/A	N/A	N/A
Mr. TIONG Kiew Chiong	6/6	N/A	3/3	2/2
Mr. TUNG Siu Ho, Terence	5/6	N/A	N/A	N/A
Mr. Peter Bush BRACK *(Note)*	0/0	N/A	N/A	N/A
Mr. YU Hon To, David	6/6	5/5	3/3	2/2
Mr. SIT Kien Ping, Peter	6/6	5/5	3/3	2/2
Mr. TAN Hock Seng, Peter	6/6	5/5	3/3	2/2

Note: Mr. Peter Bush BRACK has resigned as a non-executive Director and Vice Chairman of the Company with effect from 10th May 2010. The number of meetings held and attended is counted with reference to the applicable period in which Mr. Peter Bush BRACK was holding the office.

THE DIVISION OF RESPONSIBILITIES BETWEEN THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

With a view to maintaining an effective segregation of duties, the positions of the Chairman and the Chief Executive Officer are split and each plays a distinctive role. The Chairman is mainly responsible for the leadership and effective operation of the Board of Directors and ensuring that all key and appropriate issues are discussed by the Board of Directors in a timely and constructive manner, and the Chief Executive Officer is delegated with the authority and is mainly responsible for the operation of the Group's business and the implementation of the approved strategies with a view to achieving the corporate objectives.

EXTERNAL AUDITOR

PricewaterhouseCoopers ("PwC") was appointed as the Group's external auditor for the year ended 31st March 2011. During the year, PwC and its other member firms provided the following audit and non-audit services to the Group:

	HK$'000
Audit services (including interim review)	930

Total fees for audit services provided by other external auditors/audit firms to the subsidiaries of the Group were approximately HK$21,000.

PwC will retire and offer itself for re-appointment at the annual general meeting of the Company to be held in August 2011.

A statement by PwC about its reporting responsibilities on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" section on pages 32 to 33.

PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company has maintained a sufficient public float of its share capital in Hong Kong stock market throughout the financial year ended 31st March 2011.

SHAREHOLDERS' COMMUNICATIONS

The objective of shareholders' communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner. The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include general meetings, quarterly, interim and annual reports, announcements and circulars. Procedure for voting by poll has been read out by the Chairman at the annual general meeting held in 2010. In addition, separate resolution was proposed by the Chairman in respect of each separate issue, including re-election of directors, and voted by way of poll. The Company announced the results of the poll in the manner prescribed under the Listing Rules.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL

It is the responsibility of the Board of Directors to ensure the Group maintains sound and effective internal control system and review its effectiveness. The Board of Directors regularly conducts review on the internal control system of the Company and takes any actions to maintain an adequate internal control system.

The Group's internal control framework covers (i) the setting of a defined management structure with limits of authority and clear lines of accountability; and (ii) the establishment of regular reporting of financial information. The relevant executive Directors and senior management have been delegated with respective level of authorities. Yearly budgets of the Group are reviewed and approved by the Board of Directors. The relevant executive Directors and senior management have specific responsibility for monitoring the performance of business operating units. Monthly financial reports have been provided to the members of the Executive Committee and quarterly financial reviews have been provided to all Directors. This helps the Board of Directors and the Group's management to monitor the Group's business operations and to plan on a prudent and timely basis.

During the year, a review of the Group's internal control system and procedures in respect of the operation in Hong Kong was conducted by an independent international accounting firm. The scope was determined by the management and agreed by the Audit Committee. The internal control review report was issued by the independent international accounting firm providing recommendations on areas of improvement. The Audit Committee has reviewed the internal control review report and the management and other relevant personnel have followed or are following up on the recommendations stated in the report in order to enhance internal control policies, procedures and practices. The Directors are of the view that the internal control system of the Group is effective and will continue to review and update the internal control system from time to time to ensure that shareholders' investments and the Group's assets are safeguarded. In addition, the Board of Directors has considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ONE MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of One Media Group Limited ("the Company") and its subsidiaries (together, the "Group") set out on pages 34 to 87, which comprise the consolidated and company balance sheet as at 31st March 2011, and the consolidated income statement, 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

INDEPENDENT AUDITOR'S REPORT

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 31st March 2011, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30th May 2011

CONSOLIDATED BALANCE SHEET

As at 31st March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**4,376**	4,318
Intangible assets	*7*	**2,719**	2,591
Deferred income tax assets	*16*	**51**	—
		7,146	6,909
Current assets			
Inventories	*9*	**10,213**	11,045
Trade and other receivables	*11*	**50,268**	44,535
Current income tax recoverable		**—**	645
Cash and cash equivalents	*12*	**108,575**	125,365
		169,056	181,590
Total assets		**176,202**	188,499
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*13*	**400**	400
Share premium	*13*	**456,073**	456,073
Other reserves	*14(a)*	**(331,668)**	(333,175)
Retained earnings			
— Proposed dividends	*14(a) & 23*	**8,000**	42,000
— Others	*14(a)*	**11,166**	1,760
Total equity		**143,971**	167,058

The notes on pages 41 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31st March 2011

	Notes	2011 HK$'000	2010 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*16*	**—**	41
Long service payment obligations	*17*	**28**	32
		28	73
Current liabilities			
Trade and other payables	*15*	**23,430**	16,622
Amounts due to fellow subsidiaries	*15*	**6,039**	4,746
Current income tax liabilities		**2,734**	—
		32,203	21,368
Total liabilities		**32,231**	21,441
Total equity and liabilities		**176,202**	188,499
Net current assets		**136,853**	160,222
Total assets less current liabilities		**143,999**	167,131

By order of the Board

TIONG Kiew Chiong
Director

LAM Pak Cheong
Director

The notes on pages 41 to 87 are an integral part of these consolidated financial statements.

BALANCE SHEET

As at 31st March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current asset			
Interests in subsidiaries	*8*	**462,670**	460,044
Current assets			
Other receivables	*11*	**56**	20
Cash and cash equivalents	*12*	**64,162**	105,709
		64,218	105,729
Total assets		**526,888**	565,773
EQUITY			
Capital and reserves			
Share capital	*13*	**400**	400
Share premium	*13*	**456,073**	456,073
Other reserves	*14(b)*	**6,320**	—
Retained earnings			
— Proposed dividends	*14(b) & 23*	**8,000**	42,000
— Others	*14(b)*	**55,879**	67,242
Total equity		**526,672**	565,715
LIABILITIES			
Current liability			
Other payables	*15*	**216**	58
Total liability		**216**	58
Total equity and liabilities		**526,888**	565,773
Net current assets		**64,002**	105,671
Total assets less current liabilities		**526,672**	565,715

By order of the Board

TIONG Kiew Chiong
Director

LAM Pak Cheong
Director

The notes on pages 41 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	5	**200,188**	181,374
Cost of goods sold		**(96,099)**	(94,448)
Gross profit		**104,089**	86,926
Other income	5	**2,955**	2,342
Selling and distribution costs		**(45,896)**	(45,689)
Administrative expenses		**(33,974)**	(33,893)
Profit before income tax		**27,174**	9,686
Income tax expense	20	**(6,768)**	(4,024)
Profit for the year		**20,406**	5,662
Profit attributable to:			
Equity holders of the Company		**20,406**	5,662
Earnings per share attributable to equity holders of the Company during the year (expressed in HK cents per share)			
— Basic and diluted	22	**5.1**	1.42
Dividends	23	**11,000**	44,000

The notes on pages 41 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2011

	2011 **HK$'000**	2010 HK$'000
Profit for the year	**20,406**	5,662
Other comprehensive income:		
Currency translation differences	**1,397**	657
Actuarial gains on long services payment obligations	**5**	634
Total comprehensive income for the year	**21,808**	6,953
Attributable to:		
Equity holders of the Company	**21,808**	6,953

The notes on pages 41 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Cash generated from operations	24	**33,073**	12,310
Hong Kong income tax paid		**(3,481)**	(6,182)
Net cash generated from operating activities		**29,592**	6,128
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,939)**	(385)
Purchase of intangible assets		**(61)**	(33)
Interest received		**386**	234
Proceeds from disposal of property, plant and equipment	24	**—**	122
Net cash used in investing activities		**(1,614)**	(62)
Cash flows from financing activities			
Dividends paid to Company's shareholders		**(45,000)**	(6,600)
Net cash used in financing activities		**(45,000)**	(6,600)
Net decrease in cash and cash equivalents		**(17,022)**	(534)
Cash and cash equivalents at beginning of the year		**125,365**	125,951
Exchange gain/(loss) on cash and cash equivalents		**232**	(52)
Cash and cash equivalents at end of the year	12	**108,575**	125,365

The notes on pages 41 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2011

	Attributable to equity holders of the Company				
	Share capital HK$'000	Share premium HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total equity HK$'000
At 1st April 2009	400	456,073	(334,809)	44,698	166,362
Comprehensive income					
Profit for the year	—	—	—	5,662	5,662
Other comprehensive income:					
Currency translation differences	—	—	657	—	657
Actuarial gains on long service payment obligations	—	—	634	—	634
Total comprehensive income for the year	—	—	1,291	5,662	6,953
Transactions with shareholders					
Share compensation costs on share options granted	—	—	343	—	343
Dividend paid relating to 2009	—	—	—	(4,600)	(4,600)
Interim dividend paid relating to 2010	—	—	—	(2,000)	(2,000)
At 31st March 2010	400	456,073	(333,175)	43,760	167,058
At 1st April 2010	400	456,073	(333,175)	43,760	167,058
Comprehensive income					
Profit for the year	—	—	—	20,406	20,406
Other comprehensive income:					
Currency translation differences	—	—	1,397	—	1,397
Actuarial gains on long service payment obligations	—	—	5	—	5
Total comprehensive income for the year	—	—	1,402	20,406	21,808
Transactions with shareholders					
Share compensation costs on share options granted	—	—	105	—	105
Dividend paid relating to 2010	—	—	—	(42,000)	(42,000)
Interim dividend paid relating to 2011	—	—	—	(3,000)	(3,000)
At 31st March 2011	400	456,073	(331,668)	19,166	143,971

The notes on pages 41 to 87 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11th March 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands.

The Company is an investment holding company. The principal activities of the Group are publication, marketing and distribution of Chinese language lifestyle magazines.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated, and have been approved for issue by the Board of Directors on 30th May 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Listing Rules.

These consolidated financial statements have been prepared under the historical cost convention.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st April 2010 and are relevant to the Group.

IFRS 5 (amendment), 'Non-current Assets Held for Sale and Discontinued Operations', clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still applies, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. IFRS 5 (amendment) has no material impact on the Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) New and amended standards adopted by the Group *(Continued)*

IAS 36 (amendment), 'Unit of Accounting for Goodwill Impairment Test', effective for the periods beginning on or after 1st January 2010, clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics). The Group applied IAS 36 (Amendment) in the current year which goodwill had been allocated to the Group's cash generating unit identified according to operating segments for the purposes of impairment testing. See Note 7 for more details.

IAS 38 (amendment), 'Intangible Assets', and additional consequential amendments arising from IFRS 3 (revised) and measuring the fair value of an intangible asset acquired in business combination, clarifies the description of the valuation techniques commonly used to measure intangible assets acquired in a business combination when they are not traded in an active market. In addition, an intangible asset acquired in a business combination might be separable but only together with a related contract, identifiable asset or liability. In such cases, the intangible asset is recognised separately from goodwill but together with the related item. IAS 38 (amendment) has no material impact on the Group's financial statements.

IFRS 2 (amendments), 'Group Cash-settled Share-based Payment Transactions', are effective from 1st January 2010. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 — Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. IFRS 2 (amendments) has no material impact on the Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New and amended standards, interpretations mandatory for the financial year beginning 1st April 2010 but not currently relevant to the Group

		Effective for accounting period beginning on or after
IAS 27 (revised)	Consolidated and Separate Financial Statements	1st July 2009
IAS 32 (amendment)	Classification of Rights Issue	1st February 2010
IAS 39 (amendment)	Eligible Hedged Items	1st July 2009
IFRS 1 (revised)	First-time Adoption of International Financial Reporting Standards	1st July 2009
IFRS 1 (amendment)	Additional Exemptions for First-time Adopters	1st January 2010
IFRS 3 (revised)	Business Combinations	1st July 2009
IFRIC — Int 17	Distribution of Non-cash Assets to Owners	1st July 2009

Improvements to IFRSs 2009:

IAS 1 (amendment)	Current/non-current classification of convertible instruments	1st January 2010
IAS 7 (amendment)	Classification of Expenditures on Unrecognised Assets	1st January 2010
IAS 17 (amendment)	Classification of leases of land and buildings	1st January 2010
IAS 18 (amendment)	Determining Whether an Entity is Acting as a Principal or as an Agent	1st January 2010
IAS 39 (amendment)	Scope Exemption for Business Combination Contracts, Hedging using internal contracts, Cash Flow Hedge Accounting and Treating Loan Prepayment Penalties as Closely Related Derivatives	1st January 2010
IFRS 2 (amendment)	Scope of IFRS 2 and IFRS 3 (revised)	1st July 2009
IFRS 8 (amendment)	Disclosure of Information about Segment Assets	1st January 2010
IFRIC — Int 9	Scope of IFRIC — Int 9 and IFRS 3 (revised)	1st July 2009
IFRIC — Int 16	Hedges of a Net Investment in a Foreign Operation	1st July 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1st April 2010 and have not been early adopted

The Group has not early adopted the following new standards, amendments and interpretations that have been issued but are not effective for the financial year beginning 1st April 2010. The Group is in the process of making an assessment of the impact of these new IFRSs in their period of initial application.

		Effective for accounting period beginning on or after
IAS 12 (amendment)	Deferred Tax: Recovery of Underlying Assets	1st January 2012
IAS 24 (revised)	Related Party Disclosures	1st January 2011
IFRS 1 (amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1st July 2010
IFRS 1 (amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1st July 2011
IFRS 7 (amendment)	Disclosures — Transfer of Financial Assets	1st July 2011
IFRS 9	Financial Instruments	1st January 2013
IFRIC — Int 14 (amendment)	Prepayments of a Minimum Funding Requirement	1st January 2011
IFRIC — Int 19	Extinguishing Financial Liabilities with Equity Instruments	1st July 2010
IFRSs (amendment)	Improvements to IFRSs 2010	1st January 2011
IFRS 10	Consolidated Financial Statements	1st January 2013
IFRS 11	Joint Arrangements	1st January 2013
IFRS 12	Disclosure of Interest in Other Entities	1st January 2013
IFRS 13	Fair Value Measurement	1st January 2013
IAS 27	Separate Financial Statements	1st January 2013
IAS 28	Investments in Associates and Joint Ventures	1st January 2013

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31st March.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the net assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement (Note 2.6).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.7). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, such exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Property, plant and equipment, comprising leasehold improvements, furniture, fixtures and office equipment, computer equipment and motor vehicles, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	10% — 25%
Furniture, fixtures and office equipment	20% — 30%
Computer equipment	30%
Motor vehicles	25%

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. The carrying amount of the replaced parts is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Property, plant and equipment *(Continued)*

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Computer softwares

Acquired software costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and are stated in the consolidated balance sheet at cost less accumulated amortisation.

Amortisation of computer softwares is charged to the consolidated income statement on a straight-line basis over the assets' estimated useful lives, which does not exceed five years.

2.7 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets

The Group classifies its financial assets as loans and receivable. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprises "trade and other receivables" and "cash and cash equivalents" in the consolidated balance sheet (Note 2.10 and 2.11).

Regular way purchases and sales of financial assets are recognised on the trade-date (that is, the date on which the Group commits to purchase or sell the asset). Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payment is established.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade and other receivables is described in Note 2.10.

2.9 Inventories

Inventories include paper for printing. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within selling and distribution costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and distribution costs in the consolidated income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Trade and other payables

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

2.14 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Current and deferred income tax *(Continued)*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Employee benefits

(a) Pension obligations

The Group's fellow subsidiary, Ming Pao Holdings Limited, operates a hybrid retirement benefit scheme (the "Scheme") comprising defined benefit plan and defined contribution plan in which the Group is sharing the risks associated with the Scheme with MCI, and a Mandatory Provident Fund Scheme ("MPF") for its employees in Hong Kong. Overseas employees are under separate pension schemes which are defined contribution plans set up in the countries that the Group operates. A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current year and prior periods. The assets of these retirement plans are held separately from those of the Group in independently administered funds. Defined contribution plans are generally funded by payments from the Group and/or employees.

The Group's contributions to the defined contribution plans of the Scheme and MPF are expensed as incurred. The Group's contributions to the defined contribution plans of the Scheme are reduced by the Group's contributions forfeited by those employees who leave the plans prior to vesting fully in the Group's contributions.

(b) Long service payment

The Group's net obligations in respect of long service payment to its employees on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributed to contributions made by the Group. The discount rate is the yield at balance sheet date based on Hong Kong Government's Exchange Fund Notes which have terms to maturity approximating the estimated terms of the related liability. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the year in which they occur in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Employee benefits *(Continued)*

(c) Share-based compensation

The Group operates share-based compensation schemes. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(d) Employee leave entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(e) Bonus plans

The expected cost of bonus plans is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by the employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months of the balance sheet date and are measured at the amounts expected to be paid when they are settled.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from the circulation and subscription sales of periodicals, net of trade discounts and returns, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery. Unearned subscription fees received from subscribers are recorded as subscriptions received in advance under trade and other payables in the consolidated balance sheet.

Advertising income, net of trade discounts, is recognised when the periodicals are published.

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Licensing income is recognised in the period the license is granted to the licensee, using the straight-line basis over the terms of the agreements.

2.18 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.20 Provision for sales return

Revenue is stated net of estimated sales return provision. Sales return provision is recognised by the Group upon the delivery of goods to the customers when the significant risks and rewards of ownership of the goods are transferred to customers and when a reliable estimate of the amount can be made.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose itself to a variety of financial risks: Price risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management according to the policies of the Group. Financial risks are identified and evaluated in close co-operation within the Group.

(a) Price risk

Paper prices can be volatile as they are subject to, among others, demand and supply of pulp and fluctuations in energy prices. Paper costs account for approximately 11% of the total operating costs of the Group. Therefore, the profitability of the Group may be adversely affected by the volatility in paper prices.

However, the Group seeks to limit this risk through, inter-alia, keeping a close contact with its local and foreign suppliers in order to reduce dependency on any single supply source to ensure reliability and cost competitiveness and maintaining a certain inventory level of paper in order to reduce the impact of volatile paper prices on the profitability of the Group.

(b) Credit risk

Credit risk is the risk the Group will incur a loss arising from the counterparties that fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The extent of credit risk relating to the Group's trade and other receivables (according to extent to which provisions for impairments are warranted) is disclosed in Note 11. The Group maintains cash and cash equivalents with reputable financial institutions from which management believes the risk of loss to be remote. The management assesses credit quality of the outstanding cash and cash equivalents balances as high and considers no individually significant exposure. Maximum exposure to credit risk at the balance sheet date is the carrying value of the cash at banks.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The Group maintains its liquidity mainly through funding generated from the daily operation of its subsidiaries and the availability under committed credit lines.

The remaining contractual maturities at the balance sheet date of the Group's financial liabilities amounted to HK$22,537,000 (2010: HK$15,575,000), which were trade and other payables and based on contractual undiscounted cash flows and the earliest date on which the Group can be required to pay within one year or on demand. Management considers the liquidity of the Group is sufficient to repay the financial liabilities. The amounts due to fellow subsidiaries are repayable on demand.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated balance sheet.

During the year ended 31st March 2011, the Group's strategy, which was unchanged from 2010, was to maintain a gearing ratio of zero. The gearing ratios at 31st March 2011 and 2010 were zero as the Group had no borrowing or debt.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and judgements concerning the future based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 7). Changing the assumptions selected by the Group to determine the level, if any, of impairment, including the discount rate or the growth rate assumptions, could significantly affect the Group's reported financial positions and results of operations.

5 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the publication, marketing and distribution of Chinese language lifestyle magazines.

Turnover consists of advertising income and revenue from circulation and subscription sale of periodicals. Turnover and the other income recognised during the year are as follows:

	2011 HK$'000	2010 HK$'000
Turnover	**200,188**	181,374
Other income		
Bank interest income	**386**	234
License fee income	**604**	969
Others	**1,965**	1,139
	2,955	2,342
Total revenue	**203,143**	183,716

IFRS 8 "Operating Segments" requires operating segments to be identified based on internal reporting that is regularly reviewed by the chief operating decision maker. The Group has regarded the Executive Committee as the chief operating decision maker in order to allocate resources to segments and assess their performance.

The Group is organised operationally on a worldwide basis. The Executive Committee considers the business from geographic perspective. Geographically, management considers the performance of publication, marketing and distribution of lifestyle magazines in Hong Kong and Mainland China.

The Executive Committee assesses the performance of the operating segments based on a measure of operating profit/loss before tax but excluding corporate expense. Other information provided is measured in a manner consistent with that in the internal financial reports.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2011 are as follows:

	Publication, marketing and distribution of lifestyle magazines		
	Hong Kong HK$'000	**Mainland China HK$'000**	**Total HK$'000**
Turnover	**164,693**	**35,495**	**200,188**
Segment profit/(loss) before income tax	**50,528**	**(14,138)**	**36,390**
Unallocated expenses			**(9,216)**
Profit before income tax			**27,174**
Income tax expense			**(6,768)**
Profit for the year			**20,406**
Other information:			
Depreciation of property, plant and equipment	**1,173**	**748**	**1,921**
Amortisation of intangible assets	**33**	**11**	**44**

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2010 are as follows:

	Publication, marketing and distribution of lifestyle magazines		
	Hong Kong HK$'000	Mainland China HK$'000	Total HK$'000
Turnover	146,361	35,013	181,374
Segment profit/(loss) before income tax	35,950	(16,645)	19,305
Unallocated expenses			(9,619)
Profit before income tax			9,686
Income tax expense			(4,024)
Profit for the year			5,662
Other information:			
Depreciation of property, plant and equipment	1,995	971	2,966
Amortisation of intangible assets	31	8	39

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 31st March 2011 are as follows:

	Hong Kong HK$'000	Mainland China HK$'000	Eliminations HK$'000	Unallocated HK$'000	Group HK$'000
Assets	**249,145**	**58,347**	**(131,341)**	**51**	**176,202**
Liabilities	**(16,537)**	**(144,273)**	**131,341**	**(2,762)**	**(32,231)**
Capital expenditure *(Notes 6 and 7)*	**470**	**1,530**	**—**	**—**	**2,000**

The segment assets and liabilities as at 31st March 2010 are as follows:

	Hong Kong HK$'000	Mainland China HK$'000	Eliminations HK$'000	Unallocated HK$'000	Group HK$'000
Assets	252,119	33,755	(98,020)	645	188,499
Liabilities	(12,603)	(106,817)	98,020	(41)	(21,441)
Capital expenditure *(Notes 6 and 7)*	218	200	—	—	418

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, trade and other receivables and operating cash. They exclude deferred income tax assets and current income tax recoverable.

Segment liabilities comprise operating liabilities. They exclude deferred income tax liabilities and current income tax liabilities.

The eliminations between the reportable segments are intercompany receivables and payables between the operating segments.

The Company is domiciled in Cayman Islands while the Group mainly operates its business in Hong Kong and Mainland China. The breakdown of the total of revenue from external customers from these two places is disclosed above.

The total of non-current assets located in Hong Kong is HK$4,976,000 (2010: HK$5,601,000) and the total of these non-current assets located in Mainland China is HK$2,119,000 (2010: HK$1,308,000).

No revenue derived from a single customer is 10% or more of the combined revenue of all operating segments. (2010: Nil).

6 PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1st April 2009					
Cost	4,303	4,365	7,809	1,474	17,951
Accumulated depreciation	(1,884)	(2,985)	(5,472)	(602)	(10,943)
Net book amount	2,419	1,380	2,337	872	7,008
Year ended 31st March 2010					
Opening net book amount	2,419	1,380	2,337	872	7,008
Exchange differences	4	3	9	8	24
Additions	—	108	277	—	385
Disposals *(Note 24)*	—	(6)	(4)	(123)	(133)
Depreciation *(Note 18)*	(569)	(815)	(1,317)	(265)	(2,966)
Closing net book amount	1,854	670	1,302	492	4,318
At 31st March 2010					
Cost	4,321	4,462	8,075	1,198	18,056
Accumulated depreciation	(2,467)	(3,792)	(6,773)	(706)	(13,738)
Net book amount	1,854	670	1,302	492	4,318
Year ended 31st March 2011					
Opening net book amount	1,854	670	1,302	492	4,318
Exchange differences	2	4	20	14	40
Additions	599	585	755	—	1,939
Depreciation *(Note 18)*	(410)	(526)	(765)	(220)	(1,921)
Closing net book amount	2,045	733	1,312	286	4,376
At 31st March 2011					
Cost	4,987	5,075	8,921	1,238	20,221
Accumulated depreciation	(2,942)	(4,342)	(7,609)	(952)	(15,845)
Net book amount	2,045	733	1,312	286	4,376

Depreciation expense of HK$1,921,000 (2010: HK$2,966,000) has been charged in cost of goods sold, selling and distribution costs and administrative expenses.

7 INTANGIBLE ASSETS

	Group		
	Computer softwares HK$'000	**Goodwill** HK$'000	**Total** HK$'000
At 1st April 2009			
Cost	150	2,028	2,178
Accumulated amortisation	(13)	—	(13)
Net book amount	137	2,028	2,165
Year ended 31st March 2010			
Opening net book amount	137	2,028	2,165
Additions	33	—	33
Amortisation expense *(Note 18)*	(39)	—	(39)
Exchange adjustment	—	432	432
Closing net book amount	131	2,460	2,591
At 31st March 2010			
Cost	183	2,460	2,643
Accumulated amortisation	(52)	—	(52)
Net book amount	131	2,460	2,591
Year ended 31st March 2011			
Opening net book amount	131	2,460	2,591
Additions	61	—	61
Amortisation expense *(Note 18)*	(44)	—	(44)
Exchange adjustment	1	110	111
Closing net book amount	149	2,570	2,719
At 31st March 2011			
Cost	245	2,570	2,815
Accumulated amortisation	(96)	—	(96)
Net book amount	149	2,570	2,719

7 INTANGIBLE ASSETS *(Continued)*

(a) The goodwill comes from the acquisition of its PRC subsidiaries in 2004 and the Group's Mainland China segment is determined to be the corresponding cash-generating units ("CGU").

The recoverable amount of this CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. Key assumptions used for value in use calculations are around 18% for average growth rate and 12% for the discount rate. Management determined budgeted gross margin based on past performance and its expectations for the market development. The growth rates used are consistent with the industry forecasts. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

(b) Amortisation expense of HK$44,000 (2010: HK$39,000) has been charged in cost of goods sold, selling and distribution and administrative expenses.

(c) Costs of computer softwares, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over five years.

8 INTERESTS IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost *(Note (a))*	**359,720**	353,400
Amounts due from subsidiaries *(Note(b))*	**102,950**	106,644
	462,670	460,044

8 INTERESTS IN SUBSIDIARIES *(Continued)*

(a) The following is a list of the principal subsidiaries at 31st March 2011:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Interest held
One Media Holdings Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	20,000 ordinary shares of US$0.01 each	[1]100%
Top Plus Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	10 ordinary shares of US$1 each	100%
Ming Pao Magazines Limited	Hong Kong, limited liability company	Magazines publishing in Hong Kong	165,000 ordinary shares of HK$10 each	100%
One Media (HK) Limited	Hong Kong, limited liability company	Dormant	10 ordinary shares of HK$1 each	100%
Media2U Company Limited	Hong Kong, limited liability company	Magazines advertising and operation in Hong Kong	101 ordinary shares of HK$1 each	100%
MediaNet Advertising Limited	Hong Kong, limited liability company	Media operation in Hong Kong	100 ordinary shares of HK$1 each	100%
Media2U (BVI) Company Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of US$1 each	100%
Beijing OMG Advertising Company Limited (北京萬華廣告有限責任公司)	PRC, limited liability company	Magazines operation in PRC	Registered capital of RMB30,000,000	100%
Beijing Times Resource Technology Consulting Limited ("TRT") (北京新時代潤誠科技諮詢有限公司)	PRC, limited liability company	Magazines operation in PRC	Registered capital of RMB3,000,000	[2]100%
Beijing Times Resource Advertising Company Limited ("TRA") (北京時代潤誠廣告有限公司)	PRC, limited liability company	Magazines advertising in PRC	Registered capital of RMB3,500,000	[2]100%
Beijing OMG M2U Advertising Company Limited (北京萬華共創廣告有限公司)	PRC, limited liability company	Magazines advertising in PRC	[3]Registered capital of RMB34,007,714	100%

8 INTERESTS IN SUBSIDIARIES *(Continued)*

(a) The following is a list of the principal subsidiaries at 31st March 2011: *(Continued)*

[1] Shares were held directly by the Company.

[2] TRT and TRA are domestic enterprises in PRC owned legally by the PRC nationals. The Group has entered into contractual arrangements with the legal owners of these companies so that operating and financing activities of TRT and TRA are ultimately controlled by the Group. Under these arrangements, the Group is also entitled to substantially all of the operating profits and residual interests generated by TRT and TRA which will be transferred to the Group or the Group's designee upon the Group's request at a pre-agreed nominal consideration. Further, the Group can receive cash flows derived from the operations of TRT and TRA through the levying of service and consultancy fees. The ownership interests in TRT and TRA have also been pledged by the legal owners of these companies to the Group. On this basis, the Directors regard these companies as indirect wholly-owned subsidiaries of the Company.

[3] In March 2011, Media2U Company Limited transferred an amount of HK$19,011,000 as an injection of additional capital to its subsidiary, Beijing OMG M2U Advertising Company Limited. As at 31st March 2011, the capital is under verification process.

[4] During the year, the share-based compensation costs in the amount of HK$6,320,000, in exchange of services rendered by employees of subsidiaries, were treated as a capital contribution. It increased the investment in subsidiaries, with a corresponding amount credited to equity (Note 14(b)).

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, interest-free and will not be demanded for repayment.

9 INVENTORIES

	Group	
	2011	2010
	HK$'000	HK$'000
Raw materials	**10,213**	11,045

The cost of inventories recognised as expense and included in cost of goods sold amounted to HK$46,955,000 (2010: HK$46,945,000) (Note 18).

10 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the items below:

Group

	Loans and receivables HK$'000
Assets	
At 31st March 2011	
Trade receivables *(Note 11)*	45,418
Other receivables	2,189
Cash and cash equivalents *(Note 12)*	108,575
Total	156,182
At 31st March 2010	
Trade receivables *(Note 11)*	41,270
Other receivables	1,454
Cash and cash equivalents *(Note 12)*	125,365
Total	168,089

	Other financial liabilities HK$'000
Liabilities	
At 31st March 2011	
Trade and other payables	22,537
Amounts due to fellow subsidiaries *(Note 15)*	6,039
Total	28,576
At 31st March 2010	
Trade and other payables	15,575
Amounts due to fellow subsidiaries *(Note 15)*	4,746
Total	20,321

10 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Company

	Loans and receivables HK$'000
Assets	
At 31st March 2011	
Other receivables	56
Cash and cash equivalents *(Note 12)*	64,162
Total	64,218
At 31st March 2010	
Other receivables	20
Cash and cash equivalents *(Note 12)*	105,709
Total	105,729

	Other financial liabilities HK$'000
Liabilities	
At 31st March 2011	
Trade and other payables	216
At 31st March 2010	
Trade and other payables	58

11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**45,418**	41,270	**—**	—
Less: provision for impairment of trade receivables	**—**	—	**—**	—
Trade receivables — net	**45,418**	41,270	**—**	—
Prepayments and deposits — net	**4,850**	3,265	**56**	20
	50,268	44,535	**56**	20

The carrying amounts of trade and other receivables approximate their fair values.

The Group allows in general a credit period ranging from 60 days to 120 days to its trade customers. At 31st March 2011 and 2010, the ageing analysis of the Group's trade receivables by invoice date, net of impairment provision, was as follows:

	2011	2010
	HK$'000	HK$'000
0 to 60 days	**25,571**	26,852
61 to 120 days	**11,890**	10,554
121 to 180 days	**4,942**	2,315
Over 180 days	**3,015**	1,549
	45,418	41,270

Trade receivables that are neither past due nor impaired amounted to HK$24,483,000 (2010: HK$24,263,000). These balances relate to a wide range of customers for whom there was no recent history of default.

There is no concentration of credit risk with respect to trade receivables as it is mitigated by the Group's large customer base.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis to reduce the exposure to bad debts. The credit period on trade receivables depending on the business area is ranging from 60 to 120 days.

11 TRADE AND OTHER RECEIVABLES *(Continued)*

As of 31st March 2011, trade receivables of HK$20,935,000 (2010: HK$17,007,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables was as follows:

	2011 HK$'000	2010 HK$'000
Overdue by:		
0 to 60 days	**14,742**	13,560
61 to 120 days	**3,636**	2,403
Over 120 days	**2,557**	1,044
	20,935	17,007

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2011 HK$'000	2010 HK$'000
Hong Kong dollars	**35,426**	31,760
Renminbi	**14,842**	12,775
	50,268	44,535

During the year ended 31st March 2011, the Group recognised a loss of HK$31,000 (2010: HK$99,000) for the impairment of its trade receivables. No trade receivables were directly written off (2010: HK$Nil) as bad debts during the year ended 31st March 2011.

Movements on the Group's provision for impairment of trade receivables are as follows:

	2011 HK$'000	2010 HK$'000
At 1st April	**—**	862
Provision for receivables impairment	**31**	99
Receivable written off during the year as uncollectible	**(31)**	(961)
Currency translation differences	**—**	—
At 31st March	**—**	—

11 TRADE AND OTHER RECEIVABLES *(Continued)*

The creation and release of provision for impaired receivables have been included in "selling and distribution costs" in the consolidated income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

During the year ended 31st March 2011, HK$333,000 of reversal of provision for impairment of deposits, prepayment and other receivables was made. During the year ended 31st March 2010, the Group had recognised a loss of HK$791,000 for the impairment of deposits, prepayments and other receivables.

The maximum exposure to credit risk at the balance sheet date is the carrying value of trade and other receivables. The Group does not hold any collateral as security.

Certain trade receivables amount to HK$1,660,000 (2010: HK$1,751,000) are secured by deposits and bank guarantees provided by the customers.

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Cash at bank and in hand	**22,029**	23,911	**4,934**	14,597
Short-term bank deposits	**86,546**	101,454	**59,228**	91,112
	108,575	125,365	**64,162**	105,709
Maximum exposure to credit risk	**108,355**	125,279	**64,162**	105,709

The effective interest rate on average short-term bank deposits was 0.48% (2010: 0.22%); these deposits have maturity ranged from 30 days to 90 days.

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Cash and cash equivalents	**108,575**	125,365	**64,162**	105,709

Included in the cash and cash equivalents of the Group are cash and bank deposits denominated in Renminbi placed with banks in the Mainland China amounting to HK$18,750,000 (2010: HK$7,074,000), of which the remittance is subject to foreign exchange control.

13 SHARE CAPITAL AND PREMIUM

	Number of issued shares (in thousands)	Ordinary shares HK$'000	Share premium HK$'000	Total HK$'000
At 31st March 2009, 2010 and 2011	400,000	400	456,073	456,473

The total authorised number of ordinary shares is 4,000 million shares (2010: 4,000 million shares) with a par value of HK$0.001 per share (2010: HK$0.001). All issued shares are fully paid.

Share options

The Company has two share option schemes (the "Schemes"). A pre-IPO share option scheme ("Pre-IPO Share Option Scheme") was approved and adopted by shareholders on 26th September 2005 (the "Adoption Date"). Another share option scheme ("Post-IPO Share Option Scheme") was also approved on the same date, 26th September 2005 by the shareholders of the Company. The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Post-IPO Share Option Scheme (where applicable) except for the following principal terms: (a) the subscription price per share was the final Hong Kong dollar price per share at which shares were to be sold in an offer for sale in Hong Kong on 18th October 2005 (the "Listing Date"), being the date of the shares of the Company were listed on the main board of the Stock Exchange; and (b) no options would be offered or granted upon the commencement of dealings in the shares of the Stock Exchange.

Pursuant to the Schemes, the Board of Directors may, at its absolute discretion, grant share options to any full time employees, executive and non-executive directors (including the independent non-executive directors) of the Group or the MCI Group (for so long as the Company remains to be a subsidiary of MCI) to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

The period within which an option may be exercised under each of the Schemes will be determined and notified by the Board of Directors in its absolute discretion (subject to any vesting periods, if applicable), save that no option may be exercised later than 10 years from the date of offer of the option or 10 years after the Adoption Date, whichever is earlier.

13 SHARE CAPITAL AND PREMIUM *(Continued)*

Share options *(Continued)*

Movements in the number of share options of the Pre-IPO Share Option Scheme outstanding and the average exercise prices are as follows:

	2011		2010	
	Average exercise price in HK$ per share	**Number of share options (in thousands)**	Average exercise price in HK$ per share	Number of share options (in thousands)
At 1st April	**1.2**	**12,156**	1.2	12,538
Lapsed	**1.2**	**(1,948)**	1.2	(382)
At 31st March	**1.2**	**10,208**	1.2	12,156

The above share options were conditional granted on 27th September 2005 and the exercisable period is from 18th October 2005 to 25th September 2015 with 10,208,000 share options being exercisable as at 31st March 2011 (2010: 9,896,000 share options).

During the year, no share option was granted, exercised or cancelled and 1,948,000 (2010: 382,000) share options were lapsed.

The fair value of options granted during the year ended 31st March 2006 determined using the Binomial Option valuation model was HK$6,380,000. The significant inputs into the model were share price of HK$1.2 (being the IPO and placing share price of the Company), volatility of the underlying stock of 48% (being the volatility of the stock returns of listed companies in the media industry in Hong Kong), risk-free interest rate of 4.16% (being the yield of 10-year fund note issued by the Hong Kong Monetary Authority as at 23rd September 2005) and suboptimal exercise factor of 1.4 (being the factor to account for the early exercise behavior of the share option).

Share compensation costs on share options granted are amortised over the vesting periods of one year or five years in accordance with terms specified in the Pre-IPO Share Option Scheme, HK$105,000 was recognised and specified in the consolidated income statement for the year ended 31st March 2011 (2010: HK$343,000).

14 OTHER RESERVES

(a) Group

	Employee share-based payment reserve HK$'000	Merger reserve HK$'000 *(Note)*	Exchange reserve HK$'000	Long service payment reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1st April 2009	5,872	(343,050)	2,969	(600)	44,698	(290,111)
Currency translation differences	—	—	657	—	—	657
Actuarial gains on long service payment obligations	—	—	—	634	—	634
Share compensation costs on share options granted *(Note 13)*	343	—	—	—	—	343
Profit for the year	—	—	—	—	5,662	5,662
Final dividend paid relating to 2009	—	—	—	—	(4,600)	(4,600)
Interim dividend paid relating to 2010	—	—	—	—	(2,000)	(2,000)
Balance at 31st March 2010	6,215	(343,050)	3,626	34	43,760	(289,415)
Balance at 1st April 2010	6,215	(343,050)	3,626	34	43,760	(289,415)
Currency translation differences	—	—	1,397	—	—	1,397
Actuarial gains on long service payment obligations	—	—	—	5	—	5
Share compensation costs on share options granted *(Note 13)*	105	—	—	—	—	105
Profit for the year	—	—	—	—	20,406	20,406
Special and final dividend paid relating to 2010	—	—	—	—	(42,000)	(42,000)
Interim dividend paid relating to 2011	—	—	—	—	(3,000)	(3,000)
Balance at 31st March 2011	6,320	(343,050)	5,023	39	19,166	(312,502)

Note:

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Company and its subsidiaries in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 26th September 2005.

Merger reserve of the Group mainly represents the difference between the nominal value of the issued capital of One Media Holdings Limited acquired and the fair value of shares allotted as consideration by the Company as part of the Reorganisation in preparing for the public listing of the Company's shares in 2005.

14 OTHER RESERVES *(Continued)*

(b) Company

	Employee share-based payment reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1st April 2009	—	34,298	34,298
Profit for the year	—	81,544	81,544
Final dividend paid relating to 2009	—	(4,600)	(4,600)
Interim dividend paid relating to 2010	—	(2,000)	(2,000)
Balance at 31st March 2010	—	109,242	109,242
Balance at 1st April 2010	—	109,242	109,242
Loss for the year	—	(363)	(363)
Share compensation costs on share options granted *(Note 13)*	6,320	—	6,320
Special and final dividend paid relating to 2010	—	(42,000)	(42,000)
Interim dividend paid relating to 2011	—	(3,000)	(3,000)
Balance at 31st March 2011	6,320	63,879	70,199

15 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**6,375**	3,105	**—**	—
Accrued expenses and receipts in advance	**17,055**	13,517	**216**	58
	23,430	16,622	**216**	58
Amounts due to fellow subsidiaries *(Note 27)*	**6,039**	4,746	**—**	—
	29,469	21,368	**216**	58

The ageing of the amounts due to fellow subsidiaries arising from related-party transactions, by invoice date, are within 180 days. They are unsecured, non-interest bearing and with normal credit terms from 30 days to 180 days.

At 31st March 2011 and 2010, the ageing analysis of the trade payables by invoice date was as follows:

	2011	2010
	HK$'000	HK$'000
0 to 60 days	**5,927**	3,015
61 to 120 days	**413**	40
121 to 180 days	**14**	25
Over 180 days	**21**	25
	6,375	3,105

16 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The gross deferred income tax assets are as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Deferred income tax assets/(liabilities):		
— Deferred income tax assets/(liabilities) to be recovered within 12 months	**51**	(41)

The movement on the deferred income tax account is as follows:

	Group Accelerated depreciation allowances	
	2011	2010
	HK$'000	HK$'000
Beginning of the year	**(41)**	(303)
Credited in the consolidated income statement *(Note 20)*	**92**	262
End of the year	**51**	(41)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$34,681,000 (2010: HK$26,762,000) to carry forward against future taxable income. These tax losses have not been recognised due to uncertainty of their future recoverability.

The expiry dates of these tax losses are shown as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Expiring within one year	**236**	156
Expiring in the second to fifth year	**24,273**	16,952
After the fifth year	**10,172**	9,654
	34,681	26,762

17 LONG SERVICE PAYMENT OBLIGATIONS

The provision for long service payment represents present value of the obligation under long service payment and respective actuarial gains. The movement during the year is the net-off of current service costs and interest on obligation against long service payment made during the year. Current service costs and interest on obligation were recognised during the year and included in employee benefit expense (Note 19).

The amount recognised in the consolidated balance sheet is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Present value of the unfunded long service payment obligations	**28**	32

The long service payment obligations are repayable over five years (2010: five years).

Movement of present value of long service payment obligations is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Beginning of the year	**32**	649
Current service cost	**5**	40
Interest cost	**1**	12
Actuarial benefits paid	**(5)**	(35)
Actuarial gains on obligations	**(5)**	(634)
End of the year	**28**	32

17 LONG SERVICE PAYMENT OBLIGATIONS *(Continued)*

Movement in the provision for long service payment obligations is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Beginning of the year	**32**	649
Charged to the consolidated income statement	**6**	52
Actuarial benefits paid	**(5)**	(35)
Actuarial gains recognised in the consolidated statement of comprehensive income	**(5)**	(634)
End of the year	**28**	32

The amounts recognised in consolidated statement of comprehensive income are as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Cumulative amount of actuarial gains/(losses) at beginning of the year	**34**	(600)
Net actuarial gains during the year	**5**	634
Cumulative amount of actuarial gains at the end of the year	**39**	34

The principal actuarial assumptions used are as follows:

	Group	
	2011	2010
Average future working lifetime (in years)	**10**	11
Discount rate (%)	**2.6**	2.7
Expected inflation rate (%)	**3.0**	2.5
Expected rate of return of assets (%)	**4.5 to 6.8**	5.0 to 7.0
Expected rate of future salary increases (%) — 2011 and onwards (2010: 2010 and onwards)	**3.5**	3.0

17 LONG SERVICE PAYMENT OBLIGATIONS *(Continued)*

Other disclosure figures for the current and previous year are as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
As at 31st March		
Present value of the long service payment obligations	**28**	32
Experience adjustment on the long service payment obligations	**(21)**	(513)

18 EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and distribution costs and administrative expenses are analysed as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Depreciation of property, plant and equipment *(Note 6)*	**1,921**	2,966
Amortisation of intangible assets *(Note 7)*	**44**	39
Employee benefit expense (including directors' emoluments *(Note 19)*	**61,740**	58,204
Raw materials used *(Note 9)*	**46,955**	46,945
Loss on disposal of property, plant and equipment	**—**	11
Occupancy costs	**3,953**	3,838
Auditor's remuneration	**951**	872

19 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS

	2011 HK$'000	2010 HK$'000
Wages and salaries	**55,793**	52,972
Social security costs *(Note a)*	**3,333**	2,340
Share compensation costs on share options granted *(Note 13)*	**105**	343
Pension costs — defined contribution plans and MPF *(Note 27 (i))*	**1,575**	1,595
Staff welfare and allowances	**934**	954
	61,740	58,204

(a) Social security costs

All employees of the subsidiaries of the Company in the PRC excluding Hong Kong who are PRC citizens participate in employee social security plans enacted in the PRC, including pension, medical and other welfare benefits, which are organised and administrated by the governmental authorities. According to the relevant regulations, the Group contributes on a monthly basis based on certain percentages of the salaries of the employees, subject to a certain ceiling, and are paid to the labour and social welfare authorities. Contributions to the plans are expensed as incurred.

(b) Directors' and senior management's emoluments

The remuneration of every Director for the year ended 31st March 2011 is set out below:

Name of Director	**Fees HK$'000**	**Salary HK$'000**	**Bonuses HK$'000**	**Employer's contribution to pension scheme HK$'000**	**Share compensation costs HK$'000**	**Total HK$'000**
Executive Directors						
Mr. TIONG Kiu King	–	–	–	–	13	13
Mr. TIONG Kiew Chiong	–	–	257	–	13	270
Mr. TUNG Siu Ho, Terence	–	2,005	363	102	10	2,480
Non-executive Director						
Mr. Peter Bush BRACK*	13	–	–	–	11	24
Independent non-executive Directors						
Mr. YU Hon To, David	160	–	–	–	2	162
Mr. SIT Kien Ping, Peter	140	–	–	–	2	142
Mr. TAN Hock Seng, Peter	130	–	–	–	2	132

* Mr. Peter Bush BRACK resigned as non-executive Director on 10th May 2010.

19 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS *(Continued)*

(b) Directors' and senior management's emoluments *(Continued)*

The remuneration of every Director for the year ended 31st March 2010 is set out below:

Name of Director	Fees HK$'000	Salary HK$'000	Bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Share compensation costs HK$'000	Total HK$'000
Executive Directors						
Mr. TIONG Kiu King	–	–	–	–	35	35
Mr. TIONG Kiew Chiong	–	–	–	–	35	35
Mr. TUNG Siu Ho, Terence	–	1,916	–	100	28	2,044
Non-executive Director						
Mr. Peter Bush BRACK	120	–	–	–	29	149
Independent non-executive Directors						
Mr. YU Hon To, David	140	–	–	–	4	144
Mr. SIT Kien Ping, Peter	130	–	–	–	4	134
Mr. TAN Hock Seng, Peter	125	–	–	–	4	129

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2010: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2010: four) individuals during the year are as follows:

	2011 HK$'000	2010 HK$'000
Basic salaries, other allowances and benefits in kind	**5,283**	5,560
Bonuses	**410**	–
Contributions to pension scheme	**160**	155
Share compensation costs on share options granted	**9**	52
	5,862	5,767

19 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS *(Continued)*

(c) Five highest paid individuals *(Continued)*

The emoluments of the four (2010: four) remaining individuals fell within the following bands:

	Number of individuals	
	2011	2010
Emolument bands		
HK$500,001 — HK$1,000,000	**1**	0
HK$1,000,001 — HK$1,500,000	**1**	2
HK$1,500,001 — HK$2,000,000	**2**	2

20 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit during the year ended 31st March 2011.

No provision for the PRC enterprise income tax has been made as the Group has no assessable profits generated in PRC during the years ended 31st March 2011 and 2010.

	2011	2010
	HK$'000	HK$'000
Hong Kong profits tax		
— current income tax	**(6,860)**	(4,628)
— overprovision in prior years	**—**	342
Deferred income tax *(Note 16)*		
— current deferred income tax credit	**92**	262
	(6,768)	(4,024)

20 INCOME TAX EXPENSE *(Continued)*

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2011 **HK$'000**	2010 HK$'000
Profit before tax	**27,174**	9,686
Tax calculated at domestic tax rates applicable to profits in the respective countries *(Note)*	**(3,401)**	(525)
Income not subject to tax	**55**	287
Expenses not deductible for tax purposes	**(655)**	(1,423)
Tax losses for which no deferred income tax asset was recognised	**(3,498)**	(3,693)
Utilisation of previously unrecognised tax losses	**731**	988
Over provisions in prior years	**—**	342
Tax expense	**(6,768)**	(4,024)

Note: The weighted average applicable tax rate was 12.5% (2010: 5.4%). The increase is caused by the improvement in the profitability of the group's subsidiaries in the respective countries.

21 (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$363,000 (2010: profit of HK$81,544,000).

22 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2011 **HK$'000**	2010 HK$'000
Profit attributable to equity holders of the Company	**20,406**	5,662
Weighted average number of ordinary shares in issue *(in thousands)*	**400,000**	400,000
Basic earnings per share *(HK cents per share)*	**5.1**	1.42

There is no dilutive effect arising from the share options granted by the Company.

23 DIVIDENDS

During the year ended 31st March 2011, HK$40,000,000 (HK10 cents per share) of special dividend and HK$2,000,000 (HK0.5 cent per share) of final dividend for the year ended 31st March 2010 and HK$3,000,000 (HK0.75 cent per share) of interim dividend for the year ended 31st March 2011 were paid. During the year ended 31st March 2010, HK$4,600,000 (HK1.15 cents per share) of final dividend for the year ended 31st March 2009 and HK$2,000,000 (HK0.5 cent per share) of interim dividend for the year ended 31st March 2010 were paid.

The Directors recommended the payment of a final dividend of HK2 cents per share, totalling HK$8,000,000. Such dividend is to be approved by the shareholders at the annual general meeting of the Company on 23rd August 2011. Upon approval by the shareholders of the Company, this final dividend will be paid on 9th September 2011 to shareholders whose names appear on the register of members of the Company at the close of the business on 23rd August 2011. These consolidated financial statements do not reflect this dividend payable but accounted for it as proposed dividend.

	2011 **HK$'000**	2010 HK$'000
Interim dividend of HK0.75 cent (2010: HK0.5 cent) per ordinary share	**3,000**	2,000
Special dividend of HK$Nil (2010: HK10 cents) per ordinary share	**–**	40,000
Proposed final dividend of HK2 cents (2010: HK0.5 cent) per ordinary share	**8,000**	2,000
	11,000	44,000

24 CASH GENERATED FROM OPERATIONS

	2011 **HK$'000**	2010 HK$'000
Profit before income tax	**27,174**	9,686
Adjustments for:		
— Depreciation *(Note 6)*	**1,921**	2,966
— Amortisation of intangible assets *(Note 7)*	**44**	39
— Loss on disposal of property, plant and equipment *(Note a)*	**—**	11
— Interest income *(Note 5)*	**(386)**	(234)
— Share compensation costs on share options granted *(Note 13)*	**105**	343
— Provision for receivables impairment *(Note 11)*	**31**	99
— (Reversal of)/provision for other receivables impairment *(Note 11)*	**(333)**	791
— Foreign exchange losses on operating activities	**1,014**	253
— Costs related to long service payment scheme *(Note 17)*	**1**	17
Changes in working capital:		
— Decrease in inventories	**832**	865
— Increase in trade and other receivables	**(5,431)**	(1,278)
— Increase in amounts due to fellow subsidiaries	**1,293**	3,238
— Increase/(decrease) in trade and other payables	**6,808**	(4,486)
Cash generated from operations	**33,073**	12,310

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2011 **HK$'000**	2010 HK$'000
Net book amount *(Note 6)*	**—**	133
Loss on disposal of property, plant and equipment	**—**	(11)
Proceeds from disposal of property, plant and equipment	**—**	122

25 COMMITMENTS

Operating lease commitments

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
No later than 1 year	**3,724**	1,785
Later than 1 year and no later than 5 years	**4,105**	2,631
	7,829	4,416

There are no capital and operating lease commitment for the Company as at 31st March 2011 (2010: Nil).

26 BANK FACILITIES

The Group has the following undrawn bank facilities:

	Group	
	2011	2010
	HK$'000	HK$'000
Floating rate		
— expiring within one year	**30,000**	41,000

The facilities expiring within one year are annual facilities subject to review at various dates during 2012.

27 RELATED-PARTY TRANSACTIONS

The ultimate parent of the Company is MCI, a company incorporated in Bermuda.

The following transactions were carried out with related parties:

(i) During the year ended 31st March 2011, the Group had entered into the following significant transactions with fellow subsidiaries:

	Notes	**2011 HK$'000**	2010 HK$'000
License fee	*a*	**10,885**	9,809
Circulation support services	*b*	**1,335**	1,465
Library support fee	*c*	**227**	246
Administrative support services	*d*	**4,705**	4,004
Leasing of office space, storage space and parking spaces	*e*	**1,669**	1,717
Ticketing and accommodation expenses	*f*	**426**	643
Barter advertising expenses	*g*	**1,274**	1,955
Barter advertising income	*h*	**(1,274)**	(1,955)
Type-setting, colour separation and film making expenses	*i*	**79**	106
Printing costs	*j*	**9,804**	1,912
Promotion expenses	*k*	**10**	168
Pension costs — defined contribution plans	*l*	**1,575**	1,595
		30,715	21,665

Notes:

(a) This represented license fees of the right to use the trademark for the printing of "*Ming Pao Weekly 明報周刊*", "*Hi-Tech Weekly 數碼誌尚*" and their past contents by a fellow subsidiary. It is charged at a pre-determined rate calculated by reference to the license fees charged by third party licensors to the Group.

(b) This represented recharge of circulation support services relating to the distribution, sale and promotion of the publications of the Group by a fellow subsidiary. It is charged on a cost reimbursement basis.

(c) This represented recharge by a fellow subsidiary relating to provision of library support services including data classification, data indexing and filing, data storage management and retrieval, data provision and newspaper clipping. It is charged on a cost reimbursement basis.

(d) This represented recharge of administrative support services, human resources, corporate communications, legal services, information system support services and depreciation on certain computers and office equipment leased from a fellow subsidiary. It is charged on a cost reimbursement basis.

27 RELATED-PARTY TRANSACTIONS *(Continued)*

(i) During the year ended 31st March 2011, the Group had entered into the following significant transactions with fellow subsidiaries: *(Continued)*

Notes: (Continued)

(e) This represented the rental for leasing of office space, storage space and parking spaces. The rentals are charged at a pre-determined rate calculated by reference to the prevailing market rates.

(f) This represented the ticketing and accommodation expenses paid to a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(g) This represented the advertising expenses on barter basis in accordance with barter advertising agreement entered into with MCI. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(h) This represented the advertising income on barter basis in accordance with barter advertising agreement entered into with MCI. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(i) This represented the type-setting, colour separation and film making expenses charged by a fellow subsidiary. It is charged at a pre-determined rate calculated based on the cost incurred.

(j) This represented the printing costs charged by a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(k) This represented promotion expenses paid to the fellow subsidiaries. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.

(l) This represented defined contribution cost made to a fellow subsidiary for the Group's pension obligation. There is no stated policy or contractual agreement between the Group and the MCI Group. It is charged based on a pre-determined rate of its employees' salaries.

27 RELATED-PARTY TRANSACTIONS *(Continued)*

(ii) Year end balance arising from the related parties transactions as disclosed in Note 27 (i) above was as follows:

	2011	2010
	HK$'000	HK$'000
Amounts due to fellow subsidiaries	**6,039**	4,746

The outstanding balances with fellow subsidiaries are aged, by invoice dates within 180 days and are unsecured, non-interest bearing and with normal credit terms from 30 days to 180 days.

(iii) Key management compensation

	2011	2010
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**6,074**	5,800
Contributions to pension scheme	**190**	196
Share compensation costs on share options granted	**53**	144
	6,317	6,140

28 SUBSEQUENT EVENT

The capital verification in relation to the capital injection of HK$19,011,000 into Beijing OMG M2U Advertising Company Limited as set out in Note 8(a) has been completed on 12th May 2011.

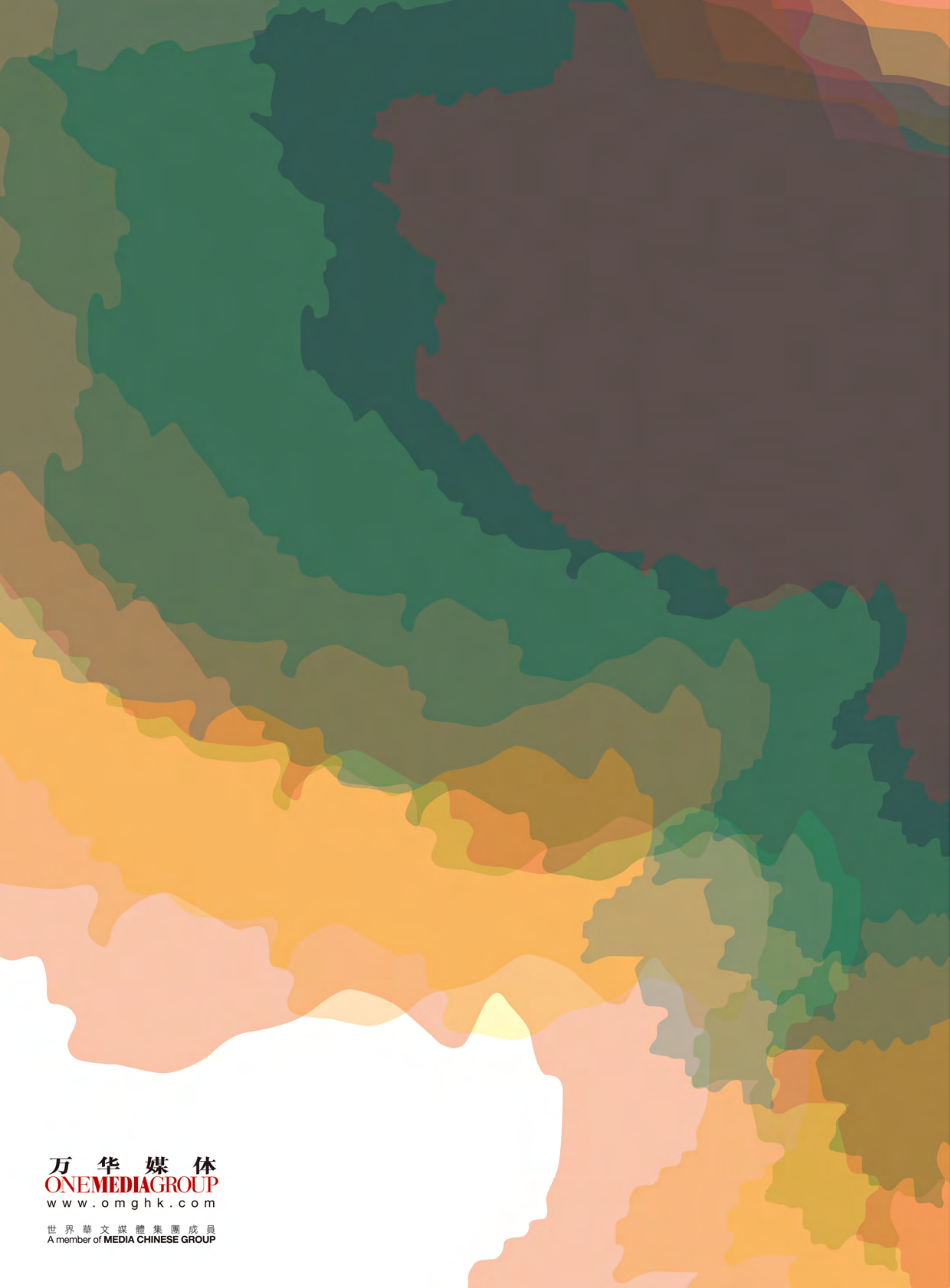
FIVE-YEAR FINANCIAL SUMMARY

The results of the Group for the last five financial years are as follows:

	For the year ended 31st March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**200,188**	181,374	207,941	219,899	219,429
Profit attributable to the equity holders of the Company	**20,406**	5,662	11,397	12,020	3,077
Basic earnings per share	**HK5.1 cents**	HK1.42 cents	HK2.85 cents	HK3.01 cents	HK0.77 cent

The assets and liabilities of the Group for the last five financial years are as follows:

	As at 31st March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**4,376**	4,318	7,008	9,545	9,474
Intangible assets	**2,719**	2,591	2,165	2,028	2,028
Financial assets at fair value through profit or loss	**—**	—	—	4,409	3,776
Deferred income tax assets	**51**	—	—	—	1,499
Current assets	**169,056**	181,590	182,008	179,987	160,522
Current liabilities	**(32,203)**	(21,368)	(23,867)	(34,692)	(31,361)
Net current assets	**136,853**	160,222	158,141	145,295	129,161
Total assets less current liabilities	**143,999**	167,131	167,314	161,277	145,938
Long service payment obligations	**(28)**	(32)	(649)	(140)	(78)
Deferred income tax liabilities	**—**	(41)	(303)	(525)	—
Capital and reserves attributable to the equity holders of the Company	**143,971**	167,058	166,362	160,612	145,860



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