東方報業集團有限公司

ORIENTAL PRESS GROUP LTD

（Stock Code：18）

2012

ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ching-fat MA, *BBS*
Chairman

Mr. Ching-choi MA
Vice-Chairman

Mr. Shun-chuen LAM
Chief Executive Officer

Non-executive Director

Mr. Dominic LAI

Independent Non-executive Directors

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

EXECUTIVE COMMITTEE

Mr. Ching-fat MA, *BBS (Chairman)*
Mr. Ching-choi MA
Mr. Shun-chuen LAM

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

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

INVESTMENT COMMITTEE

Mr. Ching-choi MA *(Chairman)*
Mr. Shun-chuen LAM
Mr. Yat-fai LAM

COMPANY SECRETARY

Ms. Trix Kam-ying NGAN

SOLICITORS

Iu, Lai & Li, Solicitors

AUDITORS

HLM & Co.
Certified Public Accountants

BANKERS

Hang Seng Bank
DBS Bank (Hong Kong)
Chong Hing Bank

REGISTERED OFFICE

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

SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

The Stock Exchange of Hong Kong Limited 18

CONTACT INFORMATION

Tel: +852 3600 1155
Fax: +852 3600 1100
e-mail: finance@opg.com.hk

Operation Statement

RESULTS

For the year ended 31 March 2012, the profit of the Group before taking into account the decrease in the income from sales of newspapers by HK$59,576,000 as a result of a reduction of the selling prices of its two newspapers to repay readers and payment of staff bonus of HK$10,700,000 to commemorate the 43rd anniversary of the Group amounted to HK$189,745,000. The audited consolidated profit attributable to shareholders after netting off the above expenses amounted to HK$119,469,000.

DIVIDENDS

Since the Group has already had sufficient cash reserve to meet requirement in case there is suitable investment opportunity, the directors of the Company (the "Directors") recommend a final dividend of HK2 cents (2011: HK11 cents) per share and a special dividend of HK1 cent per share (2011: Nil) for the year ended 31 March 2012, payable to the shareholders whose names appear on the Register of Members of the Company on 7 August 2012. Together with the paid interim dividend of HK2 cents per share (2011: Nil) and a special dividend of HK9 cents per share (2011: Nil), the dividends for the year amounts to HK14 cents (2011: HK11 cents) per share. The proposed final dividend and special dividend will be payable on 20 August 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 31 July 2012 to 1 August 2012 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the annual general meeting of the Company to be held on 1 August 2012, all transfers accompanied with the relevant share certificates must be deposited with the Company's share registrar, Tricor Friendly Limited, whose address is at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 30 July 2012.

Subject to shareholders' approval at the Annual General Meeting, the proposed final dividend and special dividend will be distributed to the shareholders whose names appear on the Register of Members of the Company on 7 August 2012. The Register of Members of the Company will be closed on 7 August 2012. In order to qualify for payment of the recommended final dividend and special dividend, all transfers accompanied with the relevant share certificates must be deposited with the Company's share registrar, Tricor Friendly Limited, whose address is at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 6 August 2012.

Operation Statement

BUSINESS REVIEW

"**Oriental Daily News**" has continued to be the best-selling and most widely read newspaper in Hong Kong, for the last 36 consecutive years, and is truly "The Paper for Hong Kong". According to the research of one of the four largest international marketing research companies in Hong Kong, Oracle Added Value, the readership of "Oriental Daily News" hit a record high of 3,732,156 in October 2011 which was an 8.5% that is, 291,884 readers, increment compared to the readership research reports in March 2010. During the year, "Oriental Daily News" made an exclusive coverage of a number of political news stories, creating a sensation in Hong Kong. In addition, during the Chief Executive Election held at the beginning of this year, "Oriental Daily News" made unflagging efforts to follow the development closely and provided insights on the election, gaining extensive recognition from readers, advertisers and even professionals of the industry for its fast and accurate coverage. In pursuit of continuous improvement, "Oriental Daily News" has revamped its layout in March this year, delivering a simpler and fresher layout. During the year, "Oriental Daily News" launched a promotion campaign to repay readers to boost its sales, which also consolidated its readership.

"**The Sun**" is holding fast as the third best-selling Chinese newspaper in Hong Kong. According to the research of one of the four largest international marketing research companies in Hong Kong, Oracle Added Value, the readership of "The Sun" has hit 1,634,500 in October 2011 which was a 26.1% that is, 338,587 readers, increment compared with the results in March 2010. Following the layout revamp during the year, "The Sun" now presents a colourful layout which is well received by readers. It has become a preferred choice of the young generation thanks to its careful selection of headlines on topics and from perspectives of interest to young people, coupled with its special supplement "sunlife" which features different themes everyday with attractive contents. With a view to attracting more readers of all sectors, "The Sun" launched a promotion campaign during the year to repay readers, leading to a steady increase in its readership and a sharp rise of sales to a level close to the second best-selling newspaper.

"**on.cc**", the flagship online portal of the Group, capitalises on its mobile platform applications to take the lead in providing quality news and information and help advertisers to tap the new media. Today, many readers use their mobile phones to read the two newspapers of the Group, watch video clips at "ontv" and check weather forecast or traffic updates. They can also post the latest news that they see or hear about at "ireport" by uploading text, photos or video clips. During the year, an automatic updating technology has been deployed for real-time news, enabling readers to get quicker access to the latest development. Epapers of "Oriental Daily News" and "The Sun" for iOS and Android platforms have also been launched to cater for readers who prefer reading newspapers by flipping pages. These epapers are very popular with tablet PC users. "on.cc" has recorded 3.69 million monthly unique visitors. According to a report published in March 2012 by comScore Media Metrix, an international market research company, "on.cc" is the news portal with the highest page views in Hong Kong.

"**Money 18**" has recorded 1.18 million monthly unique visitors, with its website and smart phone applications being the first choice for ordinary investors to check real-time stock quotes, news and expert comments. It has also attracted a number of advertisers, contributing to the earnings of the online business of the Group.

Operation Statement

"**ontv**" has maintained a leading position in both the Internet market and the smart phone market with its real-time TV news. When the two newspapers of the Group reported news about the "collusion between business and the government" and the Chief Executive Election, readers were able to watch news clips using their smart phones and express their views freely on various social network websites, enabling interaction on these sensational news topics.

"**Oriental Daily News Charitable Fund**" and "**The Sun Charitable Fund**" continued to receive funding from the Group for their activities during the year. The Group is devoted to serving the community. In addition to providing financial assistance, the Group has also reserved spaces in the two newspapers for the purpose of reporting cases and calling for donations. The two funds have held a number of charitable activities in conjunction with various organisations during the year, including activities to help students from poverty-stricken families to broaden their horizons, e.g. "Tour of Love", "Favspot — Love" and "Book with Love"; activities to care for the elderly, e.g. "Rice Donation Programme" and "Mooncakes as Tokens of Love"; and activities to care for the disadvantaged, e.g. "Warmth Giving" programme. All these activities are part of the Group's efforts to contribute to and care for the community. As of 31 December 2011, "Oriental Daily News Charitable Fund" has received donations amounting to approximately HK$476,000,000 in aggregate from a total of 699,206 donors and provided assistance to a total of 1,410,875 beneficiaries in 20,697 cases. The aggregate donations amounted to HK$451,000,000. As of 31 December 2011, "The Sun Charitable Fund" has received donations amounting to approximately HK$21,300,000 in aggregate from a total of 30,285 donors and provided assistance to a total of 166,454 beneficiaries in 3,062 cases. The aggregate donations amounted to HK$19,100,000.

On overseas investments, the Group disposed of the commercial building in Sydney, Australia at the end of 2011, which generated a gain of HK$31,450,000 for the Group. In May 2012, the Group acquired another property situated in Sydney for the purpose of investment. The property is a perfect investment project as it offers an attractive rate of return. Other investment properties held by the Group continued to bring in steady rental income.

Looking back at the year ended 31 March 2012, the results of the Group have been affected by a number of factors. Industries in Hong Kong have experienced a slowdown in their development since the global economy has been clouded by the European debt crisis and recession in the American economy. Advertisers have adopted a prudent spending strategy generally and cut their promotion budgets significantly. Nevertheless, competition in the advertising market remained intense. As a result, the two newspapers of the Group were unable to achieve the expected growth in advertising income. The circulation revenue of the Group decreased slightly as a result of the promotions campaign launched by the two newspapers of the Group to repay readers during the year. In the meantime, the price of newsprint and ink have continued an uptrend, with the price of newsprint increasing by 20% than a year ago. All these factors resulted in a decrease in the Group's profits for the year.

Operation Statement

BUSINESS OUTLOOK

The prices of newsprint and ink are expected to remain high in the coming year. This coupled with the continuous rise in employee remuneration and other operating expenses due to inflation will pose pressure on the operation of the Group. In order to maintain its earnings, the Group has raised the advertising prices at the beginning of this year. The resulting increase in advertising revenue is expected to offset partly the rise in costs in the coming financial year. In addition, the Group will consider a possible upward adjustment of the retail prices of its newspapers to boost its circulation revenue.

The 60% market share in the market of paid newspapers testifies the extensive recognition by readers of “Oriental Daily News” and “The Sun”. In an effort to maintain high quality of the newspapers, the Group will continue to invest resources to improve the quality of news contents and printing. The Group will also review the layout regularly to keep abreast of the latest trend to attract readers. Currently, given the surge of Mainland visitors to Hong Kong, the Group will capitalise on the advantage of subscription for the two newspapers in the Mainland to attract more advertisers. The Group will also utilise the brand advantage of its newspapers and available resources to organise flexible promotion activities for advertisers, with a view to increasing advertising revenue.

Given the rapid development of new media technologies and the continuous improvement in smart phone technologies, the Group will continue to invest resources to develop “on.cc” with a view to capitalising on the popularisation of smart phones and tablet PCs, providing readers with the latest and most convenient technologies, and maintaining its competitive strength in the media sector. The Group will further optimise football news and racing news as well as current affairs to meet readers’ needs, with a view to bringing more business opportunities to advertisers. The Group is prudently optimistic about its results for the next financial year.

The Group believes that the coming year will remain challenging for global economy. The absence of signs of substantial improvement in the European debt crisis, the uncertainties in the US economy and China’s move to lower its growth target to below 8%, will mean a further slowdown in the growth of global economy. The desire for Hong Kong people to spend will also be affected as a result. The possibility of advertisers postponing promotion plans in response to market conditions at any time may affect the advertising revenue of the Group. In order to mitigate the risk posed by the weakening consumption market, the Group intends to diversify its business. The Group has been seeking favourable investment opportunities, especially in real estate projects in Hong Kong, aiming to acquire quality properties with attractive rates of return for long-term investment purpose, with a view to increasing the return for shareholders.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital as at 31 March 2012 amounted to HK$1,875,873,000 (2011: HK$2,186,274,000), which includes time deposits, bank balances and cash amounting to HK$1,629,615,000 (2011: HK$1,963,031,000).

As at 31 March 2012, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 0.4% (2011: 0.3%).

Operation Statement

During the year, the Group's capital expenditure was approximately HK$18,188,000.

CONTINGENT LIABILITY

As at 31 March 2012, the Group has no material contingent liability.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2012, the Group employed 2,174 employees. Remuneration for employees including medical benefits is determined based on industry practice, the performance and working experience of the employees, and the prevailing market conditions. The Group has implemented a training scheme to groom a new generation of journalists.

EXPOSURE TO FOREIGN EXCHANGE

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

CORPORATE GOVERNANCE

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

On behalf of the Board

Ching-fat MA
Chairman

Hong Kong, 15 June 2012

Directors' Report

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 20 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2012 and the state of affairs of the Group and the Company as at that date are set out in the financial statements on pages 24 to 80.

The Directors now recommend a final dividend of HK2 cents per share and a special dividend of HK1 cent per share payable to the shareholders, whose names appear on the Register of Members of the Company on 7 August 2012, which is expected to amount to HK$71,937,000 in aggregate.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group and of the Company during the year are set out in note 15 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 29 and note 29 to the financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves including the proposed dividends of the Company as at 31 March 2012 calculated under section 79B of the Companies Ordinance amounted to HK$1,004,227,000.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 81.

Directors' Report

DIRECTORS

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

Executive Directors

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

Non-executive Director

Mr. Dominic LAI

Independent Non-executive Directors

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

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

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

The Company has received from all the independent non-executive Directors their written annual confirmation of independence. All of them were able to meet the independence guidelines set out in Rule 3.13 of the Listing Rules. Thus, the Company considered that they continue to be independent.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

The interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required (a) to be recorded in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as at 31 March 2012 were as follows:

Interests in the Company

		Number of ordinary shares held					
Name of Director	**Capacity**	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total**	**Percentage of shareholding**
Ching-fat MA	Founder of a discretionary trust	—	—	—	1,798,437,284 *(Note)*	1,798,437,284	75.00%

Note:

Mr. Ching-fat MA, is the founder of Marsun Trust, and Marsun Group Limited, as the trustee of Marsun Trust, holds approximately 57.3% interest in Magicway Investment Limited. Magicway Investment Limited in turn holds 1,222,941,284 shares in the Company, and 329,710,000 shares through Ever Holdings Limited, 149,870,000 shares through Perfect Deal Trading Limited and 95,916,000 shares through Prosper Time Trading Limited, all being its wholly-owned subsidiaries. Mr. Ching-fat MA, as the founder of Marsun Trust, is deemed to be interested in the same parcel of shares comprised in the trust assets of Marsun Trust under the SFO.

Other than the holdings disclosed above, no interests or short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein as at 31 March 2012.

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 30 to the financial statements, there were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

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

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the public float as required under the Listing Rules.

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

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

AUDIT COMMITTEE

The Audit Committee was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises two independent non-executive Directors and one non-executive Director.

Directors' Report

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

So far as was known to the Directors and chief executive of the Company, the interests and short positions of any persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO as at 31 March 2012 were as follows:

Interests in the Company

Name	Capacity	Number of ordinary shares	Percentage of Shareholding
Marsun Group Limited	Trustee	1,798,437,284 *(Note)*	75.00%
Marsun Holdings Limited	Interest of controlled corporations	1,798,437,284 *(Note)*	75.00%
Magicway Investment Limited	Beneficial owner and interest of controlled corporations	1,798,437,284 *(Note)*	75.00%
Ever Holdings Limited	Beneficial owner	329,710,000 *(Note)*	13.75%
Perfect Deal Trading Limited	Beneficial owner	149,870,000 *(Note)*	6.25%
Mui-fong HUNG	Interest of spouse	1,798,437,284 *(Note)*	75.00%

Note:

Marsun Group Limited, as the trustee of Marsun Trust, holds approximately 57.3% interest in Magicway Investment Limited through its wholly-owned subsidiary, Marsun Holdings Limited. Magicway Investment Limited in turn holds 1,222,941,284 shares in the Company, and 329,710,000 shares through Ever Holdings Limited, 149,870,000 shares through Perfect Deal Trading Limited and 95,916,000 shares through Prosper Time Trading Limited, all being its wholly-owned subsidiaries. Marsun Group Limited, as the trustee of Marsun Trust, is deemed to be interested in the same parcel of shares comprised in the trust assets of Marsun Trust under the SFO and Marsun Holdings Limited, by virtue of its interest in Magicway Investment Limited, is deemed to be interested in the same parcel of shares in which Magicway Investment Limited and its wholly-owned subsidiaries are interested.

Ms. Mui-fong HUNG, as the spouse of Mr. Ching-fat MA, is deemed to be interested in the same parcel of shares comprised in the trust assets of Marsun Trust under the SFO as Mr. Ching-fat MA is the founder of Marsun Trust and also a director of the Company.

Directors' Report

Save as disclosed above, no other party had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO as at 31 March 2012.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK$520,000.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are shown in note 35 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2012, the five largest customers of the Group accounted for approximately 44% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer amounted to approximately 22%.

The percentage of purchases attributable to the Group's five largest suppliers is approximately 63% of the Group's total purchases for the year and the percentage of purchases attributable to the Group's largest supplier amounted to approximately 30%.

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

AUDITORS

The appointment of the Company's auditors, HLM & Co. will expire at the conclusion of the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. A resolution for the Company to re-appoint HLM & Co. as auditors of the Company will be proposed at the forthcoming annual general meeting. HLM & Co. were appointed as auditors of the Company on 24 December 2010 to fill the casual vacancy following the resignation of Grant Thornton.

On behalf of the Board

Ching-fat MA
Chairman

15 June 2012

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ching-fat MA, *BBS*, aged 52, was appointed as an executive Director and the Chairman of the Board on 17 May 2005. Mr. MA is also the chairman of the Executive Committee of the Board. Mr. MA joined the Group in 1985 and was appointed as an executive Director for the period from 11 December 1991 to 4 October 1999. During the period from 20 November 2004 to 17 May 2005, Mr. MA was the President of the Company. Mr. MA graduated from the Department of Journalism, Chu Hai College. Mr. MA is elder brother of Mr. Ching-choi MA and nephew of Mr. Shun-chuen LAM. He is also a director of Magicway Investment Limited, Ever Holdings Limited and Perfect Deal Trading Limited, all of which has an interest in the shares of the Company which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Ching-choi MA, aged 50, was appointed as an executive Director and the Vice-Chairman of the Board on 28 September 2005. He assists mainly the Chairman in discharge of his duties. Mr. MA is also a member of the Executive Committee of the Board and the chairman of the Investment Committee of the Board. Mr. MA joined the Group in 1986 and was appointed as an executive Director from 20 February 1995 to 4 October 1999. During the period from 31 August 2002 to 28 September 2005, Mr. MA was a Senior Vice-President of the Company. Mr. MA was educated at Dominican College of California, U.S.A., majoring in business administration. Mr. MA is younger brother of Mr. Ching-fat MA, and nephew of Mr. Shun-chuen LAM. He is also a director of Magicway Investment Limited, Ever Holdings Limited and Perfect Deal Trading Limited, all of which has an interest in the shares of the Company which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Shun-chuen LAM, aged 63, has been an executive Director since October 1999 and is currently the Chief Executive Officer of the Company, responsible for the day-to-day management of the Group's business. Mr. LAM is also a member of the Executive Committee and Investment Committee of the Board. He is also a director of most of the subsidiaries of the Company. Mr. LAM joined the Group in 1972 and was in charge of the distribution of the Group's publications. Mr. LAM is uncle of both Mr. Ching-fat MA and Mr. Ching-choi MA.

NON-EXECUTIVE DIRECTOR

Mr. Dominic LAI, aged 65, has been a Director since August 1998 and is currently a non-executive Director and a member of the Audit Committee of the Board. He is also a non-executive director of a number of public companies listed on the Stock Exchange. Mr. LAI is a senior partner of a Hong Kong law firm, Iu, Lai & Li, legal advisers to the Group. He is a practising solicitor in Hong Kong and has also been admitted as a solicitor in England, Republic of Singapore, and the States of New South Wales and Victoria, Australia.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yau-nam CHAM, aged 65, was appointed as an independent non-executive Director on 30 March 2006. Mr. CHAM has over 20 years of experience in the securities industry. Mr. CHAM is a member of Certified General Accountants Association of Canada. He obtained his Bachelor of Science degree from St. Mary's University, Bachelor of Engineering (Electrical) degree from Nova Scotia Technical College and Master of Business Administration degree from University of British Columbia, in Canada. Mr. CHAM is a non-executive director and the chairman of the audit committee of Deswell Industries, Inc., a public company listed on NASDAQ in U.S.A.

Mr. Ping-wing PAO, *JP*, aged 64, has been a Director since July 1987 and is currently an independent non-executive Director and a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. He is also an independent non-executive director of a number of public companies listed on the Stock Exchange. Mr. PAO was elected as one of the Ten Outstanding Young Persons of Hong Kong in 1982 and one of the Ten Outstanding Young Persons of the World in 1983. He was also an ex-Urban Councillor. In the past 20 years plus, he has been actively serving on government policy committees and statutory bodies, especially those of town planning, urban renewal, public housing, culture and arts and environment matters. Mr. PAO holds a Master of Science degree in human settlements planning & development.

Mr. Yat-fai LAM, aged 46, has been an independent non-executive Director since September 2004. He is also the chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Board and a member of the Investment Committee of the Board. Mr. LAM is also an independent non-executive director of G-Prop (Holdings) Limited and Tianda Holdings Limited (formerly known as Yunnan Enterprises Holdings Limited), both of which are public companies listed on the Stock Exchange. Mr. LAM is a Certified Public Accountant (Practising). He is a fellow member of the Hong Kong Institute of Certified Public Accountants and of the Association of Chartered Certified Accountants. He worked with Kwan Wong Tan & Fong and Deloitte Touche Tohmatsu for over 10 years and has over 22 years of experience in auditing, taxation, corporate finance and accounting.

The executive Directors are also senior managers of the Group.

Corporate Governance Report

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in Appendix 14 — Code on Corporate Governance Practices (the "Code") to the Listing Rules save as disclosed below. The Company has established a corporate governance policy and the Directors will monitor and review the Company's corporate governance. The Company has applied the principles and complied with the code provisions set out in the Code for the year ended 31 March 2012 except that independent non-executive Directors were not appointed for a specific term, but are subject to retirement by rotation in accordance with the Company's Articles of Association.

BOARD OF DIRECTORS

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

The Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors. More than one-third of the Board members are independent non-executive Directors and two of them have appropriate accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. All Directors are able to give sufficient time and attention to the Group's affairs. The Board believes that the balance between the number of executive and non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of shareholders and the Group.

Each of the independent non-executive Directors has made an annual confirmation of independence, and the Company considers that all of the independent non-executive Directors are independent in accordance with the guidelines as set out in Rule 3.13 of the Listing Rules. All Directors shall be subject to retirement by rotation at least once every three years in accordance with the Company's Articles of Association at the Company's annual general meetings. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than the standard set out in the Code.

Board meetings are scheduled to be held at about quarterly interval. The attendance of the Directors at Board meetings for the year ended 31 March 2012 is as follows:

	Name of Directors	Meetings attended/held
*	Mr. Ching-fat MA, *BBS* *(Chairman)*	4/5
*	Mr. Ching-choi MA *(Vice-Chairman)*	4/5
*	Mr. Shun-chuen LAM *(Chief Executive Officer)*	5/5
^	Mr. Dominic LAI	5/5
#	Mr. Yau-nam CHAM	5/5
#	Mr. Ping-wing PAO, *JP*	5/5
#	Mr. Yat-fai LAM	5/5

* *Executive Director*

^ *Non-executive Director*

\# *Independent non-executive Director*

During the year, the Board has convened five meetings and conducted, inter alia, the following activities:

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

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

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

(iv) approved the Corporate Governance Manual and the Terms of Reference of all Board's committees.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

BOARD COMMITTEES

The Board has established five committees with clearly-defined written terms of reference. The independent views and recommendations of these committees ensure proper control of the Group and the continual achievement of the high standard corporate governance. Each committee is authorised by the Board to investigate any activity and seek any information it requires within its terms of reference. It is also authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if necessary.

Executive Committee

The Executive Committee was set up in March 2012. The Committee comprises three executive Directors, Mr. Ching-fat MA, Mr. Ching-choi MA and Mr. Shun-chuen LAM. Mr. Ching-fat MA is the chairman of the Committee.

The principal duties of the Committee are to manage and develop generally the business of the Company and to review the corporate governance policies and make recommendations to the Board.

Audit Committee and Accountability

The Audit Committee comprises two independent non-executive Directors, Mr. Yat-fai LAM and Mr. Ping-wing PAO, and a non-executive Director, Mr. Dominic LAI. Mr. Yat-fai LAM is the chairman of the Committee.

Two meetings were held during the year ended 31 March 2012 and the attendance records of each member are listed below:

Members of the Committee	**Meetings attended/held**
Mr. Yat-fai LAM	2/2
Mr. Dominic LAI	2/2
Mr. Ping-wing PAO	2/2

During the year, the Committee conducted a review of the internal control system, discharged the principal duties of the Committee and reviewed the Company's annual report for the year ended 31 March 2011, and the interim report for the six months ended 30 September 2011.

The principal duties of the Committee include:

(i) monitoring and reviewing the audit procedures of the external auditors;

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

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

(iv) considering the recommendations made by the external auditors and ensuring that the Board responds in a timely manner;

(v) ensuring co-ordination between the internal and external auditors and the internal audit function is adequately resourced; and

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

The Directors acknowledge their responsibility for preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Group and of the Group's results and cash flow for that period. The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management. The Directors confirm that the financial statements for the year ended 31 March 2012 were prepared in accordance with statutory requirements and applicable accounting standards.

Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors, Mr. Yat-fai LAM and Mr. Ping-wing PAO. Mr. Yat-fai LAM is the chairman of the Committee.

One meeting was held during the year ended 31 March 2012 and the attendance record of each member is listed below:

Members of the Committee	**Meeting attended/held**
Mr. Yat-fai LAM	1/1
Mr. Ping-wing PAO	1/1

During the year, the Committee discharged its principal duties, reviewed the remuneration of Directors and made recommendations to the Board.

The principal duties of the Committee include:

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

(ii) determining the specific remunerations package of all executive Directors; and

(iii) reviewing and approving the compensation payable to the Directors and senior management in connection with any loss or termination of their office and compensation arrangements relating to dismissal or removal of Director for misconduct.

Corporate Governance Report

Nomination Committee

The Nomination Committee comprises two independent non-executive Directors, Mr. Yat-fai LAM and Mr. Ping-wing PAO. Mr. Yat-fai LAM is the chairman of the Committee.

One meeting was held during the year ended 31 March 2012 and the attendance record of each member is listed below:

Members of the Committee	Meeting attended/held
Mr. Yat-fai LAM	1/1
Mr. Ping-wing PAO	1/1

During the year, the Committee discharged its principal duties and established a nomination procedures for directors.

The principal duties of the Committee include:

(i) to review the structure, size and composition of the Board;

(ii) to assess the independence of independent non-executive Directors;

(iii) to identify individuals suitably qualified to become Board members; and

(iv) to make recommendations to the Board on the appointment or re-appointment of Directors by using certain selection criteria.

Investment Committee

The Investment Committee comprises two executive Directors, Mr. Ching-choi MA and Mr. Shun-chuen LAM and one independent non-executive Director, Mr. Yat-fai LAM. Mr. Ching-choi MA is the chairman of the Committee.

The principal duties of the Committee include:

(i) to enhance the Company's risk management; and

(ii) to provide market information, advice and recommendations to the Board on the Company's proposed investments which are not in relation to the core business.

Corporate Governance Report

MODEL CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTIONS

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

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

AUDITORS' REMUNERATION

For the year ended 31 March 2012, the external auditors received approximately HK$1,038,000 audit fees in full.

INTERNAL CONTROL

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

SHAREHOLDER RELATIONS

The Company has developed a shareholders' communication policy which has been uploaded to the Company's website. The policy aims to promote effective communication with shareholders and other stakeholders. The annual general meeting ("AGM") is the Company's primary channel to communicate with shareholders. The chairman of the AGM proposes separate resolutions for each issue to be considered. During the year, the chairmen of the Board, Audit Committee, Remuneration Committee and Nomination Committee and external auditors have attended the AGM to answer shareholders' questions.

The notice of the AGM and related information will be given to shareholders at least 20 working days before the meeting. The chairman of the AGM exercises his power under the Company's Articles of Association to put each proposed resolution to the vote by way of conducting a poll. The rules and procedures of the vote will be clearly explained before it commences at the meeting, and the results will be announced on both the websites of the Stock Exchange and the Company on the same day.

Independent Auditors' Report

恒健會計師行
HLM & Co.
Certified Public Accountants

Room 305, Arion Commercial Centre
2-12 Queen's Road West, Hong Kong.
香港皇后大道西2-12號聯發商業中心305室
Tel 電話: (852) 3103 6980
Fax 傳真: (852) 3104 0170
E-mail 電郵: hlm@hlm.com.hk

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

We have audited the consolidated financial statements of Oriental Press Group Limited (the "Company") and it subsidiaries (collectively referred to as the "Group") set out on pages 24 to 80, which comprise the consolidated and company statement of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' judgement, 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 auditors consider 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.

Independent Auditors' Report

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012 and of the Group's profit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

HLM & Co.
Certified Public Accountants

Hong Kong, 15 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Revenue	5	**1,505,126**	1,589,356
Other income	5	**57,906**	79,828
Raw materials and consumables used		**(537,648)**	(483,698)
Staff costs including director's emoluments	7	**(677,446)**	(631,961)
Depreciation		**(63,159)**	(59,848)
Other operating expenses		**(209,866)**	(171,889)
Net surplus on revaluation of property, plant and equipment		**43,886**	26,018
Fair value adjustments on investment properties		**(12,736)**	(15,454)
Net gain on disposal of investment properties		**31,450**	—
Net gain/(loss) on disposal of property, plant and equipment		**36**	(3,925)
Profit from operations	8	**137,549**	328,427
Finance costs	9	**(859)**	(1,230)
Profit before income tax		**136,690**	327,197
Income tax expenses	10	**(18,040)**	(37,080)
Profit for the year		**118,650**	290,117
Other comprehensive income/(loss)			
— Deficit on revaluation of buildings		**—**	(2,070)
— Reversal of deferred tax liabilities arising on revaluation of buildings		**—**	608
		—	(1,462)
— Exchange gain on translation of financial statements of foreign operations		**154**	4,959
Other comprehensive income for the year		**154**	3,497
Total comprehensive income for the year		**118,804**	293,614
Profit for the year attributable to:			
Equity holders of the Company	11	**119,469**	291,277
Non-controlling interests		**(819)**	(1,160)
		118,650	290,117
Total comprehensive income attributable to:			
Equity holders of the Company		**119,619**	294,466
Non-controlling interests		**(815)**	(852)
		118,804	293,614
Earnings per share for profit attributable to equity holders of the Company during the year			
— Basic	13	**HK4.98 cents**	HK12.15 cents
— Diluted		**N/A**	N/A

Consolidated Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**801,863**	803,504
Leasehold land	16	**27,572**	28,359
Investment properties	17	**202,079**	301,200
Available-for-sale financial asset	18	**4,745**	4,745
Deferred tax assets	19	**48,121**	42,574
		1,084,380	1,180,382
Current assets			
Inventories	21	**149,935**	109,156
Trade receivables	22	**232,584**	260,382
Other debtors, deposits and prepayments	23	**33,234**	15,294
Taxation recoverable		**24,639**	4,075
Cash and bank balances	24	**1,629,615**	1,963,031
		2,070,007	2,351,938
Current liabilities			
Trade payables	25	**54,732**	47,551
Other creditors, accruals and deposits received	26	**126,322**	99,415
Taxation payable		**3,452**	8,895
Borrowings	27	**9,628**	9,803
		194,134	165,664
Net current assets		**1,875,873**	2,186,274
Total assets less current liabilities		**2,960,253**	3,366,656
Non-current liabilities			
Borrowings	27	**798**	1,331
Deferred tax liabilities	19	**82,514**	79,646
		83,312	80,977
Net assets		**2,876,941**	3,285,679
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	28	**599,479**	599,479
Reserves		**2,276,461**	2,684,384
		2,875,940	3,283,863
Non-controlling interests		**1,001**	1,816
Total equity		**2,876,941**	3,285,679

Ching-fat MA
Director

Ching-choi MA
Director

Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*15*	**4,001**	5,269
Available-for-sale financial asset	*18*	**4,745**	4,745
Investment in subsidiaries	*20(a)*	**1**	1
		8,747	10,015
Current assets			
Other debtors, deposits and prepayments	*23*	**1,484**	985
Taxation receivables		**802**	—
Amount due from subsidiaries	*20(b)*	**2,413,810**	2,764,574
Cash and bank balances	*24*	**1,068**	1,806
		2,417,164	2,767,365
Current liabilities			
Trade payables	*25*	**1,092**	520
Other creditors, accruals and deposits received	*26*	**6,131**	3,004
Amount due to subsidiaries	*20(b)*	**1**	291
Taxation payable		**—**	269
		7,224	4,084
Net current assets		**2,409,940**	2,763,281
Total assets less current liabilities		**2,418,687**	2,773,296
Non-current liabilities			
Deferred tax liabilities	*19*	**496**	403
Net assets		**2,418,191**	2,772,893
EQUITY			
Share capital	*28*	**599,479**	599,479
Reserves	*29*	**1,818,712**	2,173,414
Total equity		**2,418,191**	2,772,893

Ching-fat MA
Director

Ching-choi MA
Director

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Profit before income tax		**136,690**	327,197
Adjustments for:			
Interest income		**(19,816)**	(4,389)
Interest expenses		**859**	1,230
Bad debts (recovered)/written off		**(226)**	9
Impairment of trade receivables		**8**	852
Depreciation		**63,159**	59,848
Exchange difference		**(7,223)**	(51,226)
Amortisation of leasehold land		**787**	788
Net surplus on revaluation of property, plant and equipment		**(43,886)**	(26,018)
Fair value adjustments on investment properties		**12,736**	15,454
Net gain on disposal of investment properties		**(31,450)**	—
Net (gain)/loss on disposal of property, plant and equipment		**(36)**	3,925
Operating profit before working capital changes		**111,602**	327,670
Increase in inventories		**(40,779)**	(13,600)
Decrease in trade receivables		**28,016**	7,370
Increase in other debtors, deposits and prepayments		**(19,409)**	(6,404)
Increase in trade payables		**7,181**	309
Increase in other creditors, accruals and deposits received		**26,907**	1,241
Cash generated from operations		**113,518**	316,586
Income tax paid		**(46,578)**	(49,896)
Income tax refunded		**—**	2,348
Interest paid		**(859)**	(1,230)
Net cash generated from operating activities		**66,081**	267,808
Cash flows from investing activities			
Purchase of property, plant and equipment		**(16,092)**	(21,418)
Additions to investment properties		**(1,252)**	(439)
Net proceeds from disposal of property, plant and equipment		**618**	2,601
Net proceeds from disposal of investment properties		**120,099**	—
Interest received		**19,816**	3,412
Net cash generated from/(used in) investing activities		**123,189**	(15,844)

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Cash flows from financing activities			
Dividends paid		**(527,542)**	—
Repayment of obligations under finance leased		**(1,363)**	(978)
Net cash used in financing activities		**(528,905)**	(978)
Net (decrease)/increase in cash and bank balances		**(339,635)**	250,986
Cash and bank balances at 1 April		**1,963,031**	1,695,667
Effect of foreign exchange rate changes		**6,219**	16,378
Cash and bank balances at 31 March	*24*	**1,629,615**	1,963,031

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Exchange reserve	Properties revaluation reserve	Retained profits	Proposed dividend	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000* *(Note)*	*HK$'000* *(Note)*	*HK$'000* *(Note)*	*HK$'000* *(Note)*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2010	599,479	814,485	24,348	11,162	1,539,923	–	2,989,397	2,668	2,992,065
2010 final dividend paid	–	–	–	–	–	–	–	–	–
Transactions with equity holders	–	–	–	–	–	–	–	–	–
Profit for the year	–	–	–	–	291,277	–	291,277	(1,160)	290,117
Other comprehensive income									
– Deficit on revaluation of buildings	–	–	–	(2,070)	–	–	(2,070)	–	(2,070)
– Exchange gain on translation of financial statements of foreign operations	–	–	4,651	–	–	–	4,651	308	4,959
– Deferred tax arising on change in valuation of buildings	–	–	–	608	–	–	608	–	608
Total comprehensive income for the year	–	–	4,651	(1,462)	291,277	–	294,466	(852)	293,614
Proposed 2011 final dividend *(Note 12)*	–	–	–	–	(263,771)	263,771	–	–	–
At 31 March 2011 and 1 April 2011	599,479	814,485	28,999	9,700	1,567,429	263,771	3,283,863	1,816	3,285,679
2011 final dividend paid	–	–	–	–	–	(263,771)	(263,771)	–	(263,771)
2012 interim dividend paid	–	–	–	–	(47,958)	–	(47,958)	–	(47,958)
2012 special dividend paid	–	–	–	–	(215,813)	–	(215,813)	–	(215,813)
Transactions with equity holders	–	–	–	–	(263,771)	(263,771)	(527,542)	–	(527,542)
Profit for the year	–	–	–	–	119,469	–	119,469	(819)	118,650
Other comprehensive income									
– Exchange gain on translation of financial statements of foreign operations	–	–	150	–	–	–	150	4	154
Total comprehensive income for the year	–	–	150	–	119,469	–	119,619	(815)	118,804
Proposed 2012 final dividend *(Note 12)*	–	–	–	–	(47,958)	47,958	–	–	–
Proposed 2012 special dividend *(Note 12)*	–	–	–	–	(23,979)	23,979	–	–	–
At 31 March 2012	**599,479**	**814,485**	**29,149**	**9,700**	**1,351,190**	**71,937**	**2,875,940**	**1,001**	**2,876,941**

Note: These reserve accounts comprise the consolidated reserves of HK$2,276,461,000 (2011: HK$2,684,384,000) in the consolidated statement of financial position of the Group.

Notes to the Financial Statements

For the year ended 31 March 2012

1. GENERAL INFORMATION

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

The principal activities of the Company are investment holding and provision of corporate management services. The principal activities and other particulars of its subsidiaries are set out in note 20(a) to the financial statements.

The financial statements for the year ended 31 March 2012 were approved and authorised for issue by the Board of Directors on 15 June 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 24 to 80 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

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

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties, which are stated at fair values. The measurement bases are fully described in the accounting policies below.

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

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

2.2 Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intra-group transactions, balances, income and expenses have been eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Total comprehensive income and expense of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.3 Subsidiaries

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

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

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

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

2.4 Foreign currency translation

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

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

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

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong Dollars. Assets and liabilities have been translated into Hong Kong Dollars at the closing rates at the end of the reporting period. Income and expenses have been converted into the Hong Kong Dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

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

2.5 Property, plant and equipment

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

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

2.5 Property, plant and equipment *(Continued)*

Any surplus arising on revaluation of leasehold building is recognised in other comprehensive income and is accumulated in the properties revaluation reserve in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease or impairment loss as described in note 2.17. To the extent that any decrease has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase dealt with in other comprehensive income. A decrease in net carrying amount of leasehold building arising on revaluations or impairment testing is recognised in other comprehensive income to the extent of the revaluation surplus in the properties revaluation reserve relating to the same asset and the remaining decrease is recognised in profit or loss.

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

Leasehold building	Shorter of the lease terms and 2.0%–5.8%
Plant, machinery and printing equipment	5.0%–33.3%
Furniture, fixtures and equipment	20.0%–33.3%
Leasehold improvement	20%
Motor vehicles	18.8%–25.0%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

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

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

2.6 Leasehold land

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

2.7 Investment properties

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

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

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised in the end of the reporting period reflect the prevailing market conditions at the end of the reporting period.

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

2.8 Financial assets

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

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

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

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

2.8 Financial assets *(Continued)*

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each reporting period, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial assets.

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

Available-for-sale financial asset comprises club membership. Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are also classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised directly in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity would be recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

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

Impairment of financial assets

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

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

2.8 Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

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

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

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

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

2.8 Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(ii) Available-for-sale financial assets

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

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

(iii) Financial assets carried at cost

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

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

2.9 Inventories

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

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

2.10 Cash and cash equivalents

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

2.11 Financial liabilities

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

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

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

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

Borrowings

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

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

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

Trade payables, other creditors, accruals and deposit received

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

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

2.12 Financial guarantees issued

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

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

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

2.13 Leases

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

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

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

2.13 Leases *(Continued)*

(ii) Assets acquired under finance leases (Continued)

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

(iii) Operating lease charges as the lessee

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

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

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

The recognition of rental income receivable from operating leases is set out in note 2.16(v).

2.14 Provisions, contingent liabilities and contingent assets

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

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

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

2.14 Provisions, contingent liabilities and contingent assets *(Continued)*

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

2.15 Share capital

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

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

2.16 Revenue recognition

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

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

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

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

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

(iv) Staff canteen operation income is recognised upon the sale of goods.

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

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

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

2.16 Revenue recognition *(Continued)*

(vii) Internet subscription income is recognised upon provision of the services.

(viii) Internet advertising income is recognised on a straight-line basis over the period of the relevant advertisement is published.

(ix) License fee income from hotel property is recognised on an accrual basis in accordance with the substance of the relevant agreements.

2.17 Impairment of non-financial assets

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

An impairment loss is recognised as an expense in profit or loss immediately for the amount by which the asset's carrying amount exceeds its recoverable amount, unless the relevant asset is carried at a revalued amount under the Group's accounting policy, in which case the impairment loss is treated as a revaluation decrease according to that policy (refer to note 2.5 for details). Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

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

2.18 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

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

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

Short-term employee benefits

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

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

Long service payments

Employees who have completed at least five years of services with the Group are entitled to a long service payment. The Group's net obligations in respect of long service payments are the amounts of future benefits that employees have earned in return for their service in the current and prior periods, calculated in accordance with the applicable laws in Hong Kong.

2.19 Borrowing costs

All borrowing costs are expensed as incurred.

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

2.20 Accounting for income taxes

Income tax comprises current tax and deferred tax.

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

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

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

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

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

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

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

(a) has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

2.20 Accounting for income taxes *(Continued)*

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

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.21 Related parties

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

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

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

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

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

2.22 Segment reporting

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

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

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

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has adopted the following amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective for the Group's financial year being on 1 April 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the new HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

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

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans[4]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 32 (Amendments)	Presentation — Offsetting Financial Assets and Financial Liabilities[5]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2014
[6] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have significant impact on its results of operations and financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

The Buildings and Properties of the Group were stated at fair value in accordance with the accounting policy stated in notes 2.5 and 2.7. The fair value of the Buildings and Properties are determined by a firm of independently qualified professional valuers and the fair value of Buildings and Properties as at respective year end are set out in notes 15 and 17. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

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

(ii) Depreciation

The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful lives as mentioned in note 2.5, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the management's estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

(iii) Impairment of receivables

The Group's management assesses the collectability of receivables. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the impairment of receivables at the end of each reporting period. Details of the assessment are set out in note 22.

(iv) Provision for long service payment

The Group's provision for long service payments is based on the best estimation of the probable future payments that have been earned by the employees from their services to the Group at the end of the reporting period. The payments due are dependent on future events and recent payment experience may be not indicative of future payments. Any increase or decrease in the provision would affect profit or loss in future years.

5. REVENUE AND TURNOVER

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

	2012	2011
	HK$'000	*HK$'000*
Publication of newspapers	**1,444,949**	1,540,290
Internet subscription and advertising income	**35,482**	26,296
Rental income from investment properties	**7,855**	6,816
License fee income from hotel property	**6,999**	6,107
Income from staff canteen operation	**9,841**	9,847
	1,505,126	1,589,356

	2012	2011
	HK$'000	*HK$'000*
Included in other income are:		
Interest earned on bank deposits	**19,816**	4,389
Sales of scrap materials	**12,505**	10,739

6. SEGMENT INFORMATION

Based on the regular internal financial information reported to the Group's executive directors, being the chief operating decision makers, for their decision about resources allocation to the Group's business components and review of these components' performance, the Group has identified only one reportable operating segment, the publication of newspapers (including Internet subscription and advertising income). The revenues of other operating segments include rental income from investment properties, license fee income from hotel property and income from staff canteen operation.

6. SEGMENT INFORMATION *(Continued)*

Reportable segment revenue represented turnover of the Group in the consolidated statement of comprehensive income. Reconciliations between the reportable segment profit/(loss) to the Group's profit before income tax is presented below:

	Publication of newspapers		All other segments		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue from external customers	**1,480,431**	1,566,586	**24,695**	22,770	**1,505,126**	1,589,356
Reportable segment profit/(loss)	**115,649**	329,467	**15,612**	(32,952)	**131,261**	296,515
Unallocated corporate income					**44,411**	70,074
Unallocated corporate expenses					**(38,982)**	(39,392)
Profit before income tax					**136,690**	327,197
Other information						
Interest expenses	**(517)**	(901)	**(342)**	(329)	**(859)**	(1,230)
Depreciation and amortisation	**(62,724)**	(58,662)	**(1,222)**	(1,974)	**(63,946)**	(60,636)
Net surplus/(deficit) on revaluation of property, plant and equipment	**43,886**	32,816	**—**	(6,798)	**43,886**	26,018
Fair value adjustments on investment properties	**—**	—	**(12,736)**	15,454	**(12,736)**	15,454
Additions to non-current assets (Property, plant and equipment and investment properties) during the year	**18,165**	22,874	**1,275**	1,810	**19,440**	24,684

Reportable segment assets and liabilities

	Publication of newspapers		All other segments		Unallocated		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**1,281,718**	1,251,232	**238,309**	313,312	**—**	—	**1,520,027**	1,564,544
Available-for-sale financial asset	**—**	—	**—**	—	**4,745**	4,745	**4,745**	4,745
Cash and bank balances	**—**	—	**—**	—	**1,629,615**	1,963,031	**1,629,615**	1,963,031
Consolidate total assets	**1,281,718**	1,251,232	**238,309**	313,312	**1,634,360**	1,967,776	**3,154,387**	3,532,320
LIABILITIES								
Segment liabilities	**264,632**	234,466	**12,814**	12,175	**—**	—	**277,446**	246,641

6. SEGMENT INFORMATION *(Continued)*

Reportable segment assets and liabilities *(Continued)*

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

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (country of domicile)	**1,490,272**	1,576,381	**825,647**	826,827
Australia	**14,854**	12,975	**205,867**	306,236
	1,505,126	1,589,356	**1,031,514**	1,133,063

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

During the year, HK$507,581,000 (2011: HK$463,843,000) out of the Group's revenues of HK$1,505,126,000 was contributed by two (2011: two) customers. No other single customer contributed 10% or more to the Group's revenue for both 2012 and 2011.

7. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2012	2011
	HK$'000	*HK$'000*
Wages and salaries	**644,233**	610,762
Long service payments	**11,604**	1
Termination benefits	**354**	734
Pension costs — defined contribution plans	**21,255**	20,464
	677,446	631,961

8. PROFIT FROM OPERATIONS

	2012 HK$'000	2011 HK$'000
Profit from operations is arrived at after charging/(crediting):		
Auditors' remuneration	**1,038**	812
Cost of inventories recognised as expense	**537,648**	483,698
Bad debts (recovered)/written off	**(226)**	9
Impairment of trade receivables	**8**	852
Depreciation:		
— Owned assets	**62,960**	59,468
— Leased assets	**199**	380
Amortisation of leasehold land	**787**	788
Net exchange gain	**(7,223)**	(51,226)
Outgoings in respect of investment properties (excluding hotel property) that generated rental income during the year	**2,221**	1,590
Operating lease charges in respect of land and buildings	**6,002**	5,389
Rental income from investment properties (excluding hotel property) less outgoings	**(5,634)**	(5,226)

9. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest charges on borrowings wholly repayable within five years:		
Bank overdrafts	**—**	11
Other loan	**342**	318
Finance leases	**517**	901
	859	1,230

10. INCOME TAX EXPENSES

Hong Kong Profits Tax has been provided at the rate of 16.5% (2011: 16.5%) of the estimated assessable profit for the year.

10. INCOME TAX EXPENSES *(Continued)*

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2012	2011
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— Current year	**21,125**	39,794
— Over-provision in respect of prior years	**(554)**	(2,826)
	20,571	36,968
Deferred taxation *(Note 19)*		
— Current year	**(2,531)**	112
	18,040	37,080

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

	2012		2011	
	HK$'000	**%**	*HK$'000*	*%*
Profit before income tax	**136,690**		327,197	
Tax on profit before income tax, calculated at the rate of 16.5% (2011: 16.5%)	**22,554**	**16.5**	53,988	16.5
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,140**	**0.8**	(5,477)	(1.7)
Tax effect of non-taxable revenue	**(6,808)**	**(5.0)**	(13,821)	(4.2)
Tax effect of non-deductible expenses	**1,778**	**1.3**	2,246	0.7
Over-provision in respect of prior years	**(554)**	**(0.4)**	(2,826)	(0.9)
Other	**132**	**0.1**	3,087	0.9
Utilization of previously unrecognized tax losses	**(202)**	**(0.1)**	(117)	(0.03)
Income tax expense and effective tax rate for the year	**18,040**	**13.2**	37,080	11.3

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated profit attributable to equity holders of the Company of HK$119,469,000 (2011: HK$291,277,000), a profit of HK$172,840,000 (2011: HK$234,213,000) has been dealt with in the financial statements of the Company.

12. DIVIDENDS

(a) Dividends attributable to the year

	2012	2011
	HK$'000	*HK$'000*
Interim dividend paid		
HK2 cents per share (2011: Nil)	**47,958**	—
Special dividend paid		
HK9 cents per share (2011: Nil)	**215,813**	—
Proposed final dividend		
HK2 cents (2011: HK11 cents) per share	**47,958**	263,771
Proposed special dividend		
HK1 cent per share (2011: Nil)	**23,979**	—
	335,708	263,771

A final dividend of HK2 cents (2011: HK11 cents) per share and a special dividend of HK1 cent per share (2011: Nil) have been proposed by the Board of Directors and is subject to the approval by the shareholders in the forthcoming annual general meeting. As such, the proposed dividends have not been recognized as a liability at the end of the reporting period, but reflected as an appropriation of retained earnings for the year ended 31 March 2012.

(b) Dividends recognised as distributions during the year

	2012	2011
	HK$'000	*HK$'000*
2011 Final dividend	**263,771**	—
2012 Interim dividend	**47,958**	—
2012 Special dividend	**215,813**	—
	527,542	—

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$119,469,000 (2011: HK$291,277,000) and on 2,397,917,898 (2011: 2,397,917,898) ordinary shares in issue during the year.

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

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Fees *HK$'000*	Salaries and allowances *HK$'000*	Contribution to defined contribution plan *HK$'000*	Total *HK$'000*
Year ended 31 March 2012				
Executive Directors				
Mr. Ching-fat MA	**—**	**19,505**	**12**	**19,517**
Mr. Ching-choi MA	**—**	**15,605**	**12**	**15,617**
Mr. Shun-chuen LAM	**—**	**2,606**	**12**	**2,618**
Non-executive Director				
Mr. Dominic LAI	**100**	**—**	**—**	**100**
Independent Non-executive Directors				
Mr. Yau-nam CHAM	**90**	**—**	**—**	**90**
Mr. Ping-wing PAO	**100**	**—**	**—**	**100**
Mr. Yat-fai LAM	**130**	**—**	**—**	**130**
	420	**37,716**	**36**	**38,172**
Year ended 31 March 2011				
Executive Directors				
Mr. Ching-fat MA	—	19,500	12	19,512
Mr. Ching-choi MA	—	15,600	12	15,612
Mr. Shun-chuen LAM	—	2,600	12	2,612
Non-executive Director				
Mr. Dominic LAI	70	—	—	70
Independent Non-executive Directors				
Mr. Yau-nam CHAM	60	—	—	60
Mr. Ping-wing PAO	70	—	—	70
Mr. Yat-fai LAM	100	—	—	100
	300	37,700	36	38,036

The Directors' emoluments are determined with reference to Directors' duties and responsibilities with the Company, the Company's current standards for emoluments and the market conditions.

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

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

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

(b) The emoluments of the top five individuals during the year included three (2011: three) directors, details of whose emoluments are set out in note 14(a) above. The emoluments payable to the remaining two individuals during the year (2011: two) are as follows:

	2012	2011
	HK$'000	*HK$'000*
Salaries and other benefits	**8,097**	8,046
Contribution to defined contribution plan	**24**	24
	8,121	8,070

The emoluments of them fell within the following bands:

	Number of individuals	
	2012	2011
Emolument bands		
HK$2,000,001 to HK$2,500,000	**1**	1
HK$5,500,001 to HK$6,000,000	**1**	1

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

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold building *HK$'000*	Plant, machinery and printing equipment *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Leasehold improvement *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
At 1 April 2010						
Cost or valuation	465,542	831,168	123,572	—	20,368	1,440,650
Accumulated depreciation and impairment	—	(477,171)	(101,640)	—	(17,407)	(596,218)
Net book amount	465,542	353,997	21,932	—	2,961	844,432
Year ended 31 March 2011						
Opening net book amount	465,542	353,997	21,932	—	2,961	844,432
Revaluation surplus	23,948	—	—	—	—	23,948
Additions	—	14,492	2,900	1,212	5,641	24,245
Disposals	—	(59)	(6,228)	—	(239)	(6,526)
Depreciation	(9,541)	(40,740)	(6,545)	(242)	(2,780)	(59,848)
Transfers from investment properties *(Note 17)*	(28,112)	—	—	—	—	(28,112)
Exchange difference	4,163	—	1,146	—	56	5,365
Closing net book amount	456,000	327,690	13,205	970	5,639	803,504
At 31 March 2011						
Cost or valuation	456,000	844,681	118,388	1,212	22,109	1,442,390
Accumulated depreciation and impairment	—	(516,991)	(105,183)	(242)	(16,470)	(638,886)
Net book amount	456,000	327,690	13,205	970	5,639	803,504
Year ended 31 March 2012						
Opening net book amount	456,000	327,690	13,205	970	5,639	803,504
Revaluation surplus	43,886	—	—	—	—	43,886
Additions	—	13,589	3,074	—	1,525	18,188
Disposals	—	(468)	(114)	—	—	(582)
Depreciation	(13,886)	(40,277)	(5,811)	(243)	(2,942)	(63,159)
Exchange difference	—	—	24	—	2	26
Closing net book amount	**486,000**	**300,534**	**10,378**	**727**	**4,224**	**801,863**
At 31 March 2012						
Cost or valuation	486,000	857,802	121,372	1,212	23,636	1,490,022
Accumulated depreciation and impairment	—	(557,268)	(110,994)	(485)	(19,412)	(688,159)
Net book amount	**486,000**	**300,534**	**10,378**	**727**	**4,224**	**801,863**

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

The Group *(Continued)*

At 31 March 2012, certain plant, machinery and printing equipment of the Group with a total net book value of HK$470,250 (2011: HK$42,000) are held under finance lease. The acquisition costs of HK$2,096,000 (2011: HK$2,827,000) were non-cash transactions during the year.

The net book value of property shown above comprises:

	2012	2011
	HK$'000	*HK$'000*
Leasehold building situated in Hong Kong held under medium-term lease:	**486,000**	456,000

If leasehold building was stated on the historical cost basis, the amount would be as follows:

	2012	2011
	HK$'000	*HK$'000*
Cost	**546,636**	546,636
Accumulated depreciation	**(87,370)**	(76,438)
Net book amount	**459,266**	470,198

The analysis of carrying value at cost or valuation of the above property, plant and equipment at 31 March 2012 and 2011 is as follows:

	Leasehold building	Plant, machinery and printing equipment	Furniture, fixtures and equipment	Leasehold improvement	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At cost	—	300,535	10,377	727	4,224	315,863
At valuation — 2012	486,000	—	—	—	—	486,000
At 31 March 2012	486,000	300,535	10,377	727	4,224	801,863
At cost	—	327,690	13,205	970	5,639	347,504
At valuation — 2011	456,000	—	—	—	—	456,000
At 31 March 2011	456,000	327,690	13,205	970	5,639	803,504

The building situated in Hong Kong was revalued individually at 31 March 2012 by Messrs. DTZ Debenham Tie Leung Limited ("DTZ"), independent professional qualified valuer not connected to the Group. DTZ is a member of the Hong Kong Institute of Surveyor. The valuation was arrived at on a depreciated replacement cost basis.

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

The Group *(Continued)*

The net revaluation surplus of HK$43,886,000 (2011: HK$26,018,000), resulting from the above valuation was recognised in the consolidated statement of comprehensive income. In 2011, the revaluation deficit of HK$1,462,000, net of applicable deferred income tax, was debited to the revaluation reserve in the shareholders' equity.

The Company

	Motor vehicles
	HK$'000
At 1 April 2010	
Cost	19,736
Accumulated depreciation	(17,322)
Net book amount	2,414
Year ended 31 March 2011	
Opening net book amount	2,414
Additions	5,641
Disposals	(3,980)
Depreciation eliminated on disposal	3,742
Depreciation	(2,548)
Closing net book amount	5,269
At 31 March 2011	
Cost	21,397
Accumulated depreciation	(16,128)
Net book amount	5,269
Year ended 31 March 2012	
Opening net book amount	5,269
Additions	1,524
Disposals	(1,328)
Depreciation eliminated on disposal	1,328
Depreciation	(2,792)
Closing net book amount	**4,001**
At 31 March 2012	
Cost	21,593
Accumulated depreciation	(17,592)
Net book amount	**4,001**

16. LEASEHOLD LAND

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
In Hong Kong held on:		
— Leases of between 10 to 50 years	**27,572**	28,359

	2012	2011
	HK$'000	*HK$'000*
Opening net carrying amount	**28,359**	29,147
Annual charges of prepaid operating lease payments	**(787)**	(788)
Closing net carrying amount	**27,572**	28,359

17. INVESTMENT PROPERTIES

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

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Carrying amount at 1 April	**301,200**	255,985
Additions	**1,252**	439
Disposal	**(88,649)**	—
Exchange difference	**1,012**	32,118
Transfers from property, plant and equipment *(Note 15)*	**—**	28,112
Fair value adjustments	**(12,736)**	(15,454)
Carrying amount at 31 March	**202,079**	301,200

Investment properties situated in Australia were revalued at 31 March 2012 by Messrs. Jeffrey Perkings & Assoc. Property Valuers & Consultants, independent qualified professional valuer not connected to the Group. Messrs. Jeffrey Perkings & Assoc. Property Valuers & Consultants is a member of the Real Estate Institute of New South Wales. The valuations were arrived at by reference to comparable sales evidence as available in the relevant market and where appropriate, by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the respective properties as at 31 March 2012.

17. INVESTMENT PROPERTIES *(Continued)*

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Outside Hong Kong, freehold	**202,079**	301,200

18. AVAILABLE-FOR-SALE FINANCIAL ASSET

	The Group and The Company	
	2012	2011
	HK$'000	*HK$'000*
Club membership, stated at cost	**4,745**	4,745

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

19. DEFERRED TAXATION

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

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

The Group

	Accelerated tax depreciation	Revaluation of properties	Tax losses	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2010	71,395	(10,630)	(17,823)	(2,109)	40,833
Recognised in profit or loss *(Note 10)*	(473)	1,229	(847)	203	112
Recognised in other comprehensive income	—	(608)	—	—	(608)
Exchange differences	—	(1,905)	(1,360)	—	(3,265)
At 31 March 2011 and 1 April 2011	70,922	(11,914)	(20,030)	(1,906)	37,072
Recognised in profit or loss *(Note 10)*	(806)	9,836	(10,474)	(1,087)	(2,531)
Exchange differences	—	(107)	(41)	—	(148)
At 31 March 2012	**70,116**	**(2,185)**	**(30,545)**	**(2,993)**	**34,393**

19. DEFERRED TAXATION *(Continued)*

The Company

	Accelerated tax depreciation *HK$'000*
At 1 April 2010	235
Recognised in profit or loss	168
At 31 March 2011 and 1 April 2011	403
Recognised in profit or loss	93
At 31 March 2012	**496**

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

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deferred tax liabilities	**82,514**	79,646	**496**	403
Deferred tax assets	**(48,121)**	(42,574)	**—**	—
	34,393	37,072	**496**	403

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. These tax losses have no expiry date. The Group has unrecognised tax losses of approximately HK$1,135,000 (2011: HK$2,361,000) due to the unpredictability of the future profit streams.

20. INTERESTS IN SUBSIDIARIES

(a) Investment in subsidiaries

	The Company	
	2012	2011
	HK$'000	*HK$'000*
Unlisted shares, at cost	**1**	1

20. INTERESTS IN SUBSIDIARIES *(Continued)*

(a) Investment in subsidiaries *(Continued)*

Particulars of the principal subsidiaries at 31 March 2012 are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary shares held by the Company	Principal activity
Don Bon Management Limited	Hong Kong	HK$100	Property leasing
Don Bon Property Limited	Hong Kong	HK$1	Investment holding
Dragon Asia Property Limited	Hong Kong	HK$100	Website contents production
Long Joy Investments Limited	Hong Kong	HK$100	Property leasing
Long Universal Limited	Hong Kong	HK$1	Canteen operation
Lucky Million Limited	Hong Kong	HK$1	Transportation service
OPG Building Management Limited	Hong Kong	HK$2	Building management
OPG Finance Limited	Hong Kong	HK$2	Treasury company
OPG Human Resources Limited	Hong Kong	HK$2	Human resources services
OPG Printing Limited	Hong Kong	HK$100	Printing services
Oriental Daily News Limited	Hong Kong	HK$100	Newspaper publication
Oriental Daily Publisher Limited#	Hong Kong	HK$100	Registered publisher
Oriental Press Centre Limited	Hong Kong	HK$100	Property holding
Oriental Publications Limited	Hong Kong	HK$100	Publication services
ON.CC (HK) Limited#	Hong Kong	HK$2	Website service provider
The Sun News Publisher Limited#	Hong Kong	HK$100	Registered publisher
The Sun Racing Journal Limited	Hong Kong	HK$2	Horse racing journal publication
Pacific Resort Holding Pty Limited##*	Australia	AUD3,150,000	Hotel property investment
ORO Group Pty Limited#*	Australia	AUD8,500,000	Property investment

20. INTERESTS IN SUBSIDIARIES *(Continued)*

(a) Investment in subsidiaries *(Continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

All the subsidiaries are directly held and wholly-owned private limited companies except otherwise stated.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

100% of equity interest indirectly held by the Company

90% of equity interest indirectly held by the Company

* Not audited by HLM & Co.

(b) Amounts due from/(to) subsidiaries

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

21. INVENTORIES

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Newsprint and printing materials	**124,010**	84,502
Spare parts and supplies	**24,575**	23,534
Others	**1,350**	1,120
	149,935	109,156

Inventories of HK$24,575,000 (31 March 2011: HK$23,534,000) are expected to be recovered after more than twelve months.

22. TRADE RECEIVABLES

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**234,901**	262,991
Less: Provision for impairment loss	**(2,317)**	(2,609)
	232,584	260,382

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

The following is an ageing analysis of trade receivables after deducting the provision for impairment loss at the end of the reporting period:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
0–60 days	**96,860**	102,275
61–90 days	**41,494**	48,860
Over 90 days	**94,230**	109,247
	232,584	260,382

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

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

At the end of each reporting period, the Group's trade receivables over 365 days are individually and collectively assessed for any impairment. The individually impaired receivables, if any, are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision is recognised.

Included in the Group's trade receivables, the carrying amount of HK$94,230,000 (2011: HK$109,247,000) are past due but not impaired at the end of the reporting period.

22. TRADE RECEIVABLES *(Continued)*

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
91–120 days	**36,376**	38,689
121–365 days	**55,301**	65,868
Over 365 days	**2,553**	4,690
	94,230	109,247

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

Provision for impairment loss movement:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Balance at 1 April	**2,609**	1,834
Provision for impairment recognised	**8**	852
Provision written back	**(226)**	—
Amounts written off as uncollectible	**(74)**	(77)
Balance at 31 March	**2,317**	2,609

23. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Other debtors	**3,605**	6,607
Deposits	**23,989**	4,333
Prepayments	**5,640**	4,354
	33,234	15,294

	The Company	
	2012	2011
	HK$'000	*HK$'000*
Deposits	**1,200**	767
Prepayments	**284**	218
	1,484	985

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

24. CASH AND BANK BALANCES

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Cash at banks and in hand	**136,361**	151,057
Short-term bank deposits	**1,493,254**	1,811,974
	1,629,615	1,963,031

	The Company	
	2012	2011
	HK$'000	*HK$'000*
Cash at banks and in hand	**1,068**	1,806

24. CASH AND BANK BALANCES *(Continued)*

Included in cash and bank balances in the consolidated statement of financial position are the following amounts denominated in a currency other than the functional currency of the group:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
US Dollars ("US$")	**130,430**	1,544,943
Australian Dollars ("AUD")	**132,146**	7,962
Renminbi ("RMB")	**583**	225,308
Other Currency	**229**	253
	263,388	1,778,466

Cash at banks earns interest at floating rates based on daily bank deposits rates. The effective interest rate of short-term bank deposits is ranging from 0.005% to 4.8% (2011: 0.01% to 4.2%) per annum and have a maturity period within one month and are eligible for immediate cancellation without receiving any interest for the last deposit period.

25. TRADE PAYABLES

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
0–60 days	**52,366**	40,884
61–90 days	**369**	3,126
Over 90 days	**1,997**	3,541
	54,732	47,551

	The Company	
	2012	2011
	HK$'000	*HK$'000*
0–60 days	**942**	89
61–90 days	**—**	—
Over 90 days	**150**	431
	1,092	520

All amounts are short term and hence the carrying values of the Group's and the Company's trade payables are considered to be a reasonable approximation of fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

26. OTHER CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Other creditors	**63,545**	59,982
Accruals	**51,052**	31,135
Deposits received	**11,725**	8,298
	126,322	99,415

	The Company	
	2012	2011
	HK$'000	*HK$'000*
Other creditors	**2,367**	1,484
Accruals	**3,764**	1,520
	6,131	3,004

The Group's accruals under current liabilities included the provision of long service payment and provision of litigation were as follows:

	The Group		
	Long service payment	Litigation	Total
	HK$'000	*HK$'000*	*HK$'000*
Balance at 1 April 2011	23,127	4,674	27,801
Additional provisions recognized	13,639	8,418	22,057
Reduction arising from payments	(2,276)	—	(2,276)
Balance at 31 March 2012	34,490	13,092	47,582

	The Company
	Litigation
	HK$'000
Balance at 1 April 2011	1,520
Additional provisions recognized	2,243
Balance at 31 March 2012	3,763

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

27. BORROWINGS

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Borrowings wholly repayable within five years:		
— Other loan	**8,468**	8,440
— Obligations under finance leases	**1,958**	2,694
	10,426	11,134
Less: Current portion due within one year included under current liabilities		
— Other loan	**8,468**	8,440
— Obligations under finance leases	**1,160**	1,363
	9,628	9,803
Non-current portion included under non-current liabilities		
— Obligations under finance leases	**798**	1,331

At 31 March 2012 and 2011, other loan denominated in Australian Dollars, which was made by a minority shareholder of a subsidiary of the Company, was unsecured, bearing interest at 4% per annum and repayable on demand.

The carrying amounts of borrowings approximate their fair value.

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

	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Obligation under finance leases:				
Due within one year	**1,356**	1,880	**1,160**	1,363
Due in the second to fifth year	**905**	1,509	**798**	1,331
	2,261	3,389	**1,958**	2,694
Less: future finance charges on finance leases	**(303)**	(695)		
Present value of lease obligations	**1,958**	2,694		
Less: Amount due for settlement within one year included under current liabilities			**(1,160)**	(1,363)
Amount due for settlement in the second to the fifth year included under non-current liabilities			**798**	1,331

27. BORROWINGS *(Continued)*

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

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

28. SHARE CAPITAL

	2012 and 2011	
	Number of shares	***HK$'000***
Ordinary shares of HK$0.25 each		
Authorised:		
At beginning and end of the year	**5,000,000,000**	**1,250,000**
Issued and fully paid:		
At beginning and end of the year	**2,397,917,898**	**599,479**

29. RESERVES

The Company	Share premium *HK$'000*	Retained profit *HK$'000*	Proposed dividends *HK$'000*	Total *HK$'000*
At 1 April 2010	814,485	1,124,716	—	1,939,201
Total comprehensive income for the year	—	234,213	—	234,213
Proposed 2011 final dividend *(Note 12)*	—	(263,771)	263,771	—
At 31 March 2011 and 1 April 2011	814,485	1,095,158	263,771	2,173,414
2011 final dividend paid	—	—	(263,771)	(263,771)
2012 interim dividend paid	—	(47,958)	—	(47,958)
2012 special dividend paid	—	(215,813)	—	(215,813)
Proposed 2012 final dividend *(Note 12)*	—	(47,958)	47,958	—
Proposed 2012 special dividend *(Note 12)*	—	(23,979)	23,979	—
Total comprehensive income for the year	—	172,840	—	172,840
At 31 March 2012	**814,485**	**932,290**	**71,937**	**1,818,712**

30. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group paid legal fees amounting to HK$4,925,000 (2011: HK$5,721,000) to Messrs. Iu, Lai & Li. Mr. Dominic LAI, a non-executive director of the Company, is a senior partner of Messrs. Iu, Lai & Li, during the year. The transaction prices were considered by the Directors as estimated market value.

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

31. OPERATING LEASE COMMITMENTS

At 31 March 2012, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**2,256**	5,537
In the second to fifth year	**2,473**	877
	4,729	6,414

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

At 31 March 2012 and 2011, the Company had no significant operating lease commitments as lessee.

32. OPERATING LEASE ARRANGEMENTS

At 31 March 2012, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment properties as follows:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**4,409**	5,792
In the second to fifth year	**5,170**	7,663
	9,579	13,455

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

At 31 March 2012 and 2011, the Company had no operating lease commitments as lessor.

33. CAPITAL COMMITMENTS

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment and refurbishment to investment properties, contracted but not provided for in the financial statements	**5,473**	583

As 31 March 2012 and 2011 the Company did not have any significant capital commitments.

34. CONTINGENT LIABILITIES

The Company has executed guarantees amounting to approximately HK$131,000,000 (2011: HK$125,000,000) with respect to banking facilities granted to subsidiaries. Under the facilities, the Company would be liable to pay the bank if the bank is unable to recover the loan. At the end of the reporting period, the facilities were utilised to the extent of approximately HK$22,228,000 (2011: HK$20,711,000). No provision for the Company's obligation under the guarantee contract has been made as the Directors considered that it was not probable that the repayment of the loan would be in default.

35. RETIREMENT BENEFIT SCHEME

The employees of the Group in Hong Kong were covered under the MPF Scheme which is a defined contribution scheme and the assets are managed by the trustee. The MPF Scheme is available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions are made by the Group at 5% of the staff's relevant income. The maximum relevant income of each staff for contribution purpose is HK$20,000 per month. Staff members are entitled to 100% of the Group's contributions plus the accrued returns irrespective of their length of service with the Group, but the benefits are required by law to be preserved until the retirement age of 65.

During the year, contributions to the MPF Scheme amounted to HK$21,255,000 (2011: HK$20,464,000).

36. OUTSTANDING LITIGATIONS

At the end of the reporting period, there have been several outstanding defamatory and other litigations brought against the Group. The Group has been strongly contesting those claims. Based on legal opinion, the Directors are of the opinion that adequate provision has been made in the financial statements to cover any potential liabilities arising from the litigations.

37. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

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

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. At 31 March 2012, the Group's net debt-to-adjusted capital ratio is zero (2011: zero). For the purpose of calculating the net debt-to-adjusted capital ratio, the Group defines net debt as total liabilities excluding deferred tax liabilities less cash and bank balances, and adjusted capital as all components of equity excluding proposed dividends.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

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

The Group is not actively engaged in the trading of financial assets for speculative purpose. The most significant financial risks to which the Group is exposed are described below. See also note 38(f) for a summary of financial assets and liabilities by category.

(a) Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group mainly operates in Hong Kong and most of the Group's transactions are carried out in Hong Kong Dollars. The Group is exposed to foreign currency risk on transaction that is in a currency other than the respective functional currency of the group entities. The currencies giving rise to this risk are primarily US Dollars and Australian Dollars. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure where appropriate.

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

	2012			2011		
	RMB'000	***US$'000***	***AUD'000***	*RMB'000*	*US$'000*	*AUD'000*
Cash and bank balances	**481**	**16,802**	**16,397**	190,068	198,471	991
Borrowings	**—**	**—**	**(1,051)**	—	—	(1,051)
Net exposure	**481**	**16,802**	**15,346**	190,068	198,471	(60)

The Company did not have any exposure to foreign currencies at the end of the reporting period (2011: no exposure).

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

(a) Currency risk *(Continued)*

Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax (and retained profits) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rate to which the Group's cash and bank balances and borrowings denominated in Australian Dollars and Renminbi having significant exposure at the end of the reporting period.

	2012		2011	
	Other components of consolidated equity	**Profit or loss**	Other components of consolidated equity	Profit or loss
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Australian Dollars	**—**	**13,215**	—	48
Renminbi	**—**	**29**	—	10,995

The sensitivity analysis has been determined assuming that the reasonably possible change in foreign exchange rate had occurred at the end of the reporting period and had been applied to each of the group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rate, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next reporting period with reference to the historical trend of Australian Dollars against Hong Kong Dollars and Renminbi against Hong Kong Dollars. 10% strengthening of Australian Dollars against Hong Kong Dollars and 5% strengthening of Renminbi against Hong Kong Dollars at the end of the reporting period would increase equity and profit or loss by the amount shown above. 10% weakening of Australian Dollars against Hong Kong Dollars and 5 % weakening of Renminbi against Hong Kong Dollars would have had the equal but opposite effect on the above currencies to the amounts shown above. The analysis is performed on the same basis for 2011. For currency risk exposure to US Dollars, it is assumed that the pegged rate between the US Dollars and Hong Kong Dollars would not be materially affected.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

(b) Credit risk

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

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

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Classes of financial assets				
— carrying amounts				
Trade receivables	**232,584**	260,382	**—**	—
Other debtors	**3,605**	6,607	**—**	—
Amounts due from subsidiaries	**—**	—	**2,413,810**	2,764,574
Cash and bank balances	**1,629,615**	1,963,031	**1,068**	1,806
	1,865,804	2,230,020	**2,414,878**	2,766,380

The Group has no significant concentration of credit risk arising from its ordinary course of business. The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external reports on customers and other counterparties are obtained and used.

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

In respect of trade receivables and other debtors, the Group is not exposed to any significant credit risk exposure to any single counterparty. At 31 March 2012, the Group has bank deposits of HK$1,493,254,000 (2011: HK$1,811,974,000) in a bank. The credit risk for liquid funds is considered minimal, since the counterparties are reputable banks with high quality of external credit ratings.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 22.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's bank balances which generate interest income for the Group. The Group does not actively engage in derivative financial instruments to hedge its interest rate risk.

The following table details the interest rate profile of the Group's deposits at the end of the reporting period.

	2012		2011	
	Effective interest rate	***HK$'000***	Effective interest rate	*HK$'000*
Variable rate bank deposits:				
Bank balances	**0.005%–4.8%**	**1,493,254**	0.01%–4.2%	1,811,974

Sensitivity analysis

At 31 March 2012, it is estimated that a general increase/decrease of 10 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax and retained profits by approximately HK$1,493,000 (2011: HK$1,812,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments at the end of the reporting period. The 10 basis points increase or decrease represents management's assessment of reasonably possible change in interest rates over the period until the end of next reporting period. The analysis is performed on the same basis for 2011.

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

(d) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligation associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's and the Company's financial liabilities as at end of the reporting period, based on the contractual undiscounted amounts, is as follows:

	The Group						The Company			
		Contractual undiscounted cash flow						Contractual undiscounted cash flow		
	Carrying amount *HK$'000*	Total *HK$'000*	On demand *HK$'000*	Less than 6 months *HK$'000*	6 to 12 months *HK$'000*	1 to 5 years *HK$'000*	Carrying amount *HK$'000*	Total *HK$'000*	On demand *HK$'000*	Less than 6 months *HK$'000*
2012										
Trade payables	54,732	54,732	54,732	–	–	–	1,092	1,092	1,092	–
Other creditors and accruals	114,597	114,597	114,597	–	–	–	6,131	6,131	6,131	–
Borrowings	10,426	10,729	8,468	678	678	905	–	–	–	–
Amounts due to subsidiaries	–	–	–	–	–	–	1	1	1	–
	179,755	180,058	177,797	678	678	905	7,224	7,224	7,224	–
Financial guarantees issued Maximum amount guaranteed	–	–	–	–	–	–	–	22,228	–	22,228
2011										
Trade payables	47,551	47,551	47,551	–	–	–	520	520	520	–
Other creditors and accruals	91,117	91,117	91,117	–	–	–	3,004	3,004	3,004	–
Borrowings	11,134	11,829	8,440	940	940	1,509	–	–	–	–
Amounts due to subsidiaries	–	–	–	–	–	–	291	291	291	–
	149,802	150,497	147,108	940	940	1,509	3,815	3,815	3,815	–
Financial guarantees issued Maximum amount guaranteed	–	–	–	–	–	–	–	20,711	–	20,711

(e) Fair value

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

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

(f) Summary of financial assets and liabilities by category

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

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Available-for-sale financial assets	**4,745**	4,745	**4,745**	4,745
Loans and receivables:				
Trade receivables	**232,584**	260,382	**—**	—
Other debtors	**3,605**	6,607	**—**	—
Amounts due from subsidiaries	**—**	—	**2,413,810**	2,764,574
Cash and bank balances	**1,629,615**	1,963,031	**1,068**	1,806
	1,870,549	2,234,765	**2,419,623**	2,771,125
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade payables	**54,732**	47,551	**1,092**	520
Other creditors and accruals	**114,597**	91,117	**6,131**	3,004
Amounts due to subsidiaries	**—**	—	**1**	291
Borrowings	**10,426**	11,134	**—**	—
	179,755	149,802	**7,224**	3,815

Five Year Financial Summary

	For the year ended 31 March				
	2008	2009	2010	2011	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	1,835,604	1,637,522	1,567,277	1,589,356	**1,505,126**
Profit attributable to equity holders of the Company	311,586	379,972	307,492	291,277	**119,469**

	As at 31 March				
	2008	2009	2010	2011	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	3,318,159	2,994,786	3,243,369	3,532,320	**3,154,387**
Total liabilities	(532,644)	(222,880)	(251,304)	(246,641)	**(277,446)**
Non-controlling interests	(4,112)	(1,714)	(2,668)	(1,816)	**(1,001)**
Equity attributable to equity holders of the Company	2,781,403	2,770,192	2,989,397	3,283,863	**2,875,940**

Schedule of Major Properties

Details of the Group's major properties as at 31 March 2012 are as follows:

Land and buildings

Location	Approximate floor area	Category	Lease term	Group interest	Existing use
Oriental Press Centre 23 Dai Cheong Street Tai Po Industrial Estate Tai Po Hong Kong	490,000 Sq ft	Industrial	Medium-term	100%	Own use
Aspire Hotel 383 Bulwara Road Ultimo 2007 Sydney Australia	24,000 Sq ft (site area)	Commercial	Freehold	90%	Operating hotel business by licensee
Rodeo Plaza 2 Short Street Double Bay NSW Australia	8,000 Sq ft	Commercial	Freehold	100%	Investment property
35–39 Bay Street Double Bay NSW Australia	8,000 Sq ft	Commercial	Freehold	100%	Investment property