万华媒体

萬華媒體 二〇一一至二〇一二年年報

BEIJING 北京
SHANGHAI 上海
GUANGZHOU 廣州
HONG KONG 香港

One Media Group Limited
萬 華 媒 體 集 團 有 限 公 司
Stock Code 股份代號：426

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CORPORATE INFORMATION

NON-EXECUTIVE DIRECTOR
Tan Sri Datuk Sir TIONG Hiew King *(Chairman)*

EXECUTIVE DIRECTORS
Mr. TIONG Kiew Chiong
Mr. LAM Pak Cheong

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. YU Hon To, David
Mr. SIT Kien Ping, Peter
Mr. TAN Hock Seng, Peter

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

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

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

COMPANY SECRETARY
Mr. YEUNG Ying Fat

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

AUDITOR
PricewaterhouseCoopers

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
16th Floor, Block A
Ming Pao Industrial Centre
18 Ka Yip Street, Chai Wan
Hong Kong

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Appleby Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE
426

WEBSITE
www.omghk.com

GROUP'S PRINCIPAL ACTIVITIES

HONG KONG

MAINLAND CHINA

CHAIRMAN'S STATEMENT

This is my first presentation of the results for One Media Group Limited (the "Company") and its subsidiaries (collectively, the "Group") as the Company's new Chairman. On one hand, I was proud and honoured to have the opportunity to report to our shareholders that the Company achieved record high results for the year ended 31st March 2012 since its IPO; on the other hand, I was reminded of my younger brother, who was the late Chairman of the Company – Mr. TIONG Kiu King. He passed away in January this year. His death is a great loss to me, his family, and anyone who knew or had worked with him. In his capacity as the Chairman of the Company since its listing in 2005, Mr. TIONG Kiu King had made tremendous contribution to the Group, which is much recognised and appreciated by the board of directors (the "Board of the Directors"). Although he has left us, his legacy will continue, and the stability of the Company will be ensured by the continuous involvement of a professional and committed management team.

The previous financial year was a year of restructuring. With an aim to improve its operations structure, the Group discontinued a business that was not very promising and kept exploring and developing new profit centres with growth potential. Results of these efforts were already reflected in the profit attributable to equity holders for the financial year ended 31st March 2012, which increased by 60% year-on-year to HK$32,581,000. Turnover reported a 12% year-on-year growth to HK$224,183,000, despite the cessation of certain operation for almost the entire year, while new businesses were launched only in the second half of the financial year under review.

As part of the restructuring plan, the Group also announced in February 2012 the acquisition (the "Acquisition") of Ming Pao Finance Limited ("Target") from its parent company, Media Chinese International Limited ("MCI"). The Target is the exclusive owner of the trademarks and the past contents of some of the publications that the Group has been operating or previously operated. The Acquisition is expected to be completed in June 2012. Upon closing of the Acquisition, the Group completes its restructuring plan and becomes MCI's multi-media flagship in the Greater China region.

Looking ahead, the Group will continue to strengthen the operations of its restructured business portfolio. Special emphasis will be put on the new businesses which the Group started during the financial year ended 31st March 2012 to achieve continued growth through enhanced market penetration. Despite the uncertainty in the market, we, with restructuring completed and improvements to continue, are cautiously optimistic about the Group's business performance for the 2012/13 financial year.

Last but not least, on behalf of the Board of Directors, I would like to express my sincere gratitude to the management and staff for their dedication and contribution. I would also like to thank our advertising partners, readers and shareholders for their continuous support.

Tan Sri Datuk Sir TIONG Hiew King
Chairman
30th May 2012

EVENTS OF THE YEAR

"Ming Pao Weekly 明報周刊"

Mother's Day Banquet Party 2011

1. "*Ming Pao Weekly*" hosted "Mother's Day Banquet Party". Readers and guests spent a warm and memorable night.

"MPW" Books • Experience Life Book Preview 2011

2. The preview drew a huge crowd of book lovers and readers of "*Ming Pao Weekly*".
3. Artist Ms. TSE Ning (centre) came to introduce her new book. Some celebrity friends showed up to support.

"Time in Vogue" Watch Exhibition

4. Models demonstrated a variety of stylish and elegant watches on stage, which lit up the event.

"2011 Elite Awards" Presentation

5.&6. Representatives of the awarded companies, Celebrity Spokespersons, Party King & Queen took a group photo with the management of One Media Group Limited after the presentation ceremony.

Hong Kong Book Fair 2011

7. Celebrities came to support "*Ming Pao Weekly*". The exhibition booth was packed with enthusiastic audiences.

EVENTS OF THE YEAR

"Ming Pao Weekly 明報周刊"

Education Seminar: How to communicate with teenagers?

8. Keynote speakers shared their experience and insight in communication with teenagers.

43rd Anniversary Party and "Showbiz Award 2011" Presentation

9. Talented artists gathered together. The awards represented the public and industry-wide recognition to their outstanding performance during the year.

Good-bye to Sunbeam Theatre • Great Movie Showing

10. "*Ming Pao Weekly*" organised to show a classic Cantonese opera movie — "Purple Hairpin" with full attendance at the Theatre.

"Top Gear 極速誌"

"Car of the Year 2011" Presentation

11. Representatives of the awarded companies held their well-deserved trophies and took a photo with Mr. LAM Pak Cheong (front row, 2nd from right), Chief Executive Officer of One Media Group Limited.

"MING Watch 明錶"

Launch Party of "*MING Watch*"

12. Management of One Media Group Limited greeted each other to celebrate the successful launch of the magazine.

Partyline

13. Ambassador of *Partyline* made interviews and live coverage during the launch party of "*MING Watch*".

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS SUMMARY

The Group's turnover and profit attained record highs for the financial year ended 31st March 2012 since the Company's IPO. Advertising spending, especially by the illustrious brands and purveyors of luxury goods, continued to rise driven by the steady economic growth in Hong Kong and Mainland China. This year's satisfactory results also reflected the success in adopting a new corporate strategy and reallocating corporate resources to business with greater potential during the year.

Turnover of the Group for the year ended 31st March 2012 amounted to HK$224,183,000, representing a 12% increase from that of the previous financial year. Gross profit rose by 23% year-on-year to HK$128,380,000, with gross profit margin improved to 57% from 52% in the previous financial year. Profit attributable to equity holders of the Company for the year under review amounted to HK$32,581,000, representing an upsurge of 60% from that of the previous financial year. The significant growth in profit attributable to equity holders was mainly due to the increase in advertising income, particularly in the third quarter which is traditionally the best season for the entire financial year.

REVIEW OF OPERATIONS

Hong Kong

The turnover of the Group's operations in Hong Kong was able to maintain a healthy growth of 11% to HK$183,443,000, contributed by the satisfactory growth in "*Ming Pao Weekly 明報周刊*" ("MP Weekly") and "*Top Gear 極速誌*" ("Top Gear Hong Kong"), despite the discontinued publication of "*Hi-Tech Weekly 數碼誌尚*" since 1st March 2011 as part of the Group's operations restructuring process. The profit of the Group's operations in Hong Kong rose by 25% to HK$62,957,000, reflecting the success in adopting a new corporate strategy and reallocating corporate resources with greater potential during the year.

During the year under review, the Group continued to strengthen MP Weekly's position as a lifestyle and entertainment magazine targeting the high-income group, and Top Gear Hong Kong as a popular automobile magazine with international editorial backing. This coupled with the Group's successful tapping into the retail sales boom in Hong Kong elevated the advertising revenue of MP Weekly and Top Gear Hong Kong. Moreover, Top Gear Hong Kong, being a branded international automobile magazine for the local market, continued to attract advertisers of up-market products in addition to motor-related goods and maintain contract publishing services to premium brands. Under contract publishing, the Group produces publications covering specific topics meeting the requirements of its clients.

The Group launched its first watch magazine – "*MING Watch 明錶*" ("MING Watch") during the year under review. Supported by a strong editorial team, MING Watch is a professional bimonthly watch magazine offering feature stories as well as the latest development trend of the industry. Leveraging its unique positioning, MING Watch has secured a number of prestigious brands as advertisers and started to contribute to the Group's profit for the year ended 31st March 2012. In addition to print format, MING Watch is also available via multimedia platforms including the Internet and other electronic devices such as iPad. The Group expects this watch magazine will be popular and continue to contribute profit to the Group.

"*Travel Planner 港澳台自由行專輯*" ("Travel Planner"), a new travel guide under the Group made its debut in November 2011. This new bimonthly guidebook caters for travellers who want to explore and get a real taste of Hong Kong, Macau and Taiwan. It introduces indigenous culture, heritage sites and exotic food, in addition to being a shopping guide with special features. Travel Planner is geared towards the mass market, thus complementing "*Hong Kong Voyage 優遊香港*", another guidebook of the Group which targets the high-end market and is published in February, May and October for the three main holiday seasons of Mainland China. With these two travel guides, the Group is able to tap into the entire spectrum of the retail continuum, thereby attracting a wide range of advertisers.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS *(Continued)*

Mainland China

The Group's Mainland China operations made a remarkable improvement in its operating results for the year ended 31st March 2012. Turnover rose by 15% year-on-year to HK$40,740,000, while segment loss was significantly lowered by 27% to HK$10,292,000.

The encouraging results were mainly attributable to the outstanding performance of "*Top Gear 汽車測試報告*" ("Top Gear China"), which recorded substantial increase in advertising revenue driven by a robust automobile industry in Mainland China as well as tailor-made advertising packages that combine innovative designs and advertorials. Readership and advertising income of "*Popular Science 科技新時代*", a science and technology magazine, remained stable during the year under review. Starting from March 2012, the Group ceased the operation of "*MING 明日風尚*", with a view to better reallocating its resources to focus on existing businesses and new products with greater potential.

DIGITAL MEDIA INVESTMENT

With the continued roll-out and increasing popularity of innovative electronic media devices, digital media will become an important product to attract and secure advertising spending in future. To leverage the growing trend of digital media to expand its advertising revenue and to position itself as a multimedia provider in the Greater China region, the Group made several related investments during the year.

On 30th September 2011, the Group completed the acquisition of 24.97% equity interest in ByRead group of companies ("ByRead Group") for HK$25,800,000 from its parent company, MCI. ByRead Group is one of the leading mobile reading platform providers in Mainland China, with registered users increasing to approximately 46 million up to end of March 2012. ByRead Group has been granted various awards including the fifteenth ranking in "The 7th China Mobile Internet Application Top 50 Corporates Awards" hosted by SF Forum, Great Wall Club and CSDN. It was also ranked the fifth under Network Application Category and tenth under General Application Category in "2011 China Mobile Internet of the Year Awards" hosted by Sohu.com Inc. These achievements represent the recognition of the technologies and services of ByRead Group among the industry and the public.

The Group has also acquired from its parent company *hihoku*, an online platform providing quality entertainment content. With 500,000 views a day, *hihoku* is currently targeting at the Chinese communities in Mainland China. The Group intends to expand *hihoku*'s target audiences to Hong Kong and Taiwan in the future. Through *hihoku*, the Group aims to develop a multimedia entertainment platform in the Greater China region.

In November 2011, the Group launched *Partyline*, a social networking application providing live coverage of the hottest events in town, including fashion show parties of illustrious brands and private parties of well-known celebrities etc. Powered by MP Weekly, *Partyline* is one of the latest products the Group introduced under the MP Weekly brand as part of its initiative to establish MP Weekly as a multimedia platform, through which the Group can cross-market its various editorial products.

OUTLOOK

The operating environment in 2012 remains challenging, as the markets in which the Group operates will continue to be affected by inflation and global economic uncertainties.

Despite the market uncertainty, the Group is cautiously optimistic about its business performance. With the completion of its operations restructuring, the Group will continue to improve the operation efficiency and will also consider acquisition of related business that will complement or create synergistic benefits with the new products or investments.

The Group aims to create multimedia platforms, catering to the needs of different market segments through the effective use of its resources and quality contents in the Greater China region. By doing so, the Group intends to develop into a major multimedia provider of news, lifestyle and infotainment content in the Greater China region as well as broaden its source of revenue and improve its bottom line.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31st March 2012, the Group's net current assets amounted to HK$131,356,000 (2011: HK$136,853,000) and the total equity attributable to the equity holders of the Company was HK$166,286,000 (2011: HK$143,971,000). The Group had no bank borrowings (2011: Nil) and the gearing ratio, which is defined as the ratio of total bank borrowings to the total equity attributable to the equity holders of the Company, was 0% (2011: 0%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

CONTINGENT LIABILITIES

As at 31st March 2012, the Group did not have any material contingent liabilities or guarantees (2011: Nil).

CLOSURE OF THE REGISTER OF THE MEMBERS

The register of members of the Company will be closed from Friday, 24th August 2012 to Tuesday, 28th August 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 23rd August 2012.

The register of members of the Company will also be closed from Monday, 3rd September 2012 to Wednesday, 5th September 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend of HK4 cents per ordinary share, all completed transfer forms accompanied by the relevant share certificates must be lodged with the aforesaid branch for registration no later than 4:30 p.m. Friday, 31st August 2012.

EMPLOYEES

As at 31st March 2012, the Group has approximately 225 employees (2011: 226 employees), of which 143 and 82 were stationed in Hong Kong and in Mainland China, respectively. The Group remunerates its employees based on the operating results, individual performance and comparable market statistics. The emoluments of the Directors and senior management of the Company are reviewed by the Remuneration Committee regularly. The Company has implemented share option schemes as an incentive to the Directors and eligible employees.

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

REPORT OF THE DIRECTORS

The directors (the "Directors") of the Company submit their report together with the audited consolidated financial statements for the year ended 31st March 2012.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

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

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 36. The Directors have declared an interim dividend of HK0.9 cent (2011: HK0.75 cent) per ordinary share, totalling HK$3,600,000 (2011: HK$3,000,000) which was paid on 28th December 2011. The Directors recommended the payment of a final dividend of HK4 cents (2011: HK2 cents) per ordinary share, totalling HK$16,000,000 (2011: HK$8,000,000).

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 14 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31st March 2012, including the share premium, available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to HK$508,492,000 (2011: HK$519,952,000).

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

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

PRE-EMPTIVE RIGHTS

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

REPORT OF THE DIRECTORS

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 84.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

SHARE OPTIONS

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

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

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

The maximum number of shares in respect of which options may be granted under the Schemes when aggregated with the maximum number of shares in respect of any options to be granted under any other share option schemes established by the Company (if any) is that number which is equal to 10% of the issued share capital of the Company immediately following the commencement of dealings in the shares of the Company on the Stock Exchange. As at 31st March 2012, the total number of shares of the Company that may be issued upon exercise of all share options granted and yet to be exercised under the Pre-IPO Share Option Scheme was 9,192,000 shares, which represented 2.30% of the issued share capital of the Company as at that date. As at 31st March 2012, no option has been granted or agreed to be granted by the Company under the Post-IPO Share Option Scheme. No Employee shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted to such employee in any 12-month period up to the date of the latest grant would exceed 1% of the issued share capital of the Company from time to time.

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

SHARE OPTIONS *(Continued)*

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

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

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

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

Details of the share options outstanding and movements during the year ended 31st March 2012 are as follows:

Grantee	Number of shares involved in share options						Percentage of issued ordinary shares at 31st March 2012	Exercise price per share HK$	Date of grant	Exercisable period
	Balance at 1st April 2011	Granted during the year *(Note 3)*	Exercised during the year *(Note 3)*	Lapsed during the year *(Note 4)*	Re-classified during the year *(Note 6)*	Balance at 31st March 2012				
Directors:										
Mr. TIONG Kiu King *(Notes 1 and 6)*	1,250,000	–	–	–	(1,250,000)	–	–	1.200	27/09/2005	18/10/2005–25/09/2015
Mr. TIONG Kiew Chiong *(Note 1)*	1,250,000	–	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005–25/09/2015
Mr. TUNG Siu Ho, Terence *(Notes 1 and 5)*	1,000,000	–	–	(1,000,000)	–	–	–	1.200	27/09/2005	18/10/2005–25/09/2015
Mr. LAM Pak Cheong *(Notes 1 and 5)*	1,000,000	–	–	–	–	1,000,000	0.25%	1.200	27/09/2005	18/10/2005–25/09/2015
Mr. YU Hon To, David *(Note 1)*	150,000	–	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005–25/09/2015
Mr. SIT Kien Ping, Peter *(Note 1)*	150,000	–	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005–25/09/2015
Mr. TAN Hock Seng, Peter *(Note 1)*	150,000	–	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005–25/09/2015
	4,950,000	–	–	(1,000,000)	(1,250,000)	2,700,000	0.68%			
MCI's directors:										
Tan Sri Datuk Sir TIONG Hiew King *(Notes 1 and 7)*	1,250,000	–	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005–25/09/2015
Dato' Sri Dr. TIONG Ik King *(Note 1)*	1,000,000	–	–	–	–	1,000,000	0.25%	1.200	27/09/2005	18/10/2005–25/09/2015
	2,250,000	–	–	–	–	2,250,000	0.56%			
Full time employees *(Note 1)*	2,200,000	–	–	–	–	2,200,000	0.55%	1.200	27/09/2005	18/10/2005–25/09/2015
Full time employees *(Note 2)*	808,000	–	–	(16,000)	–	792,000	0.20%	1.200	27/09/2005	18/10/2005–25/09/2015
Legal personal representative of Mr. TIONG Kiu King *(Note 6)*	–	–	–	–	1,250,000	1,250,000	0.31%	1.200	27/09/2005	18/10/2005–25/09/2015
Total	10,208,000	–	–	(1,016,000)	–	9,192,000	2.30%			

SHARE OPTIONS *(Continued)*

Notes:

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

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

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

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

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

4. During the year, 1,016,000 share options have been lapsed by reason of the grantees ceased to be Director and/or full time employees of the Group.

5. Mr. TUNG Siu Ho, Terence resigned as an executive Director and Chief Executive Officer of the Company with effect from 1st April 2011 and his share options were lapsed upon his resignation. Mr. LAM Pak Cheong was appointed as an executive Director and Chief Executive Officer of the Company with effect from 1st April 2011.

6. Mr. TIONG Kiu King passed away on 14th January 2012 and his legal personal representative shall be entitled within the period of 12 months from the date of his death to exercise the options in full pursuant to the terms of Pre-IPO Share Option Scheme. As a result, Mr. TIONG's 1,250,000 share options were re-classified to be held by his legal personal representative during the year.

7. Tan Sri Datuk Sir TIONG Hiew King was appointed as the Chairman and non-executive Director with effect from 1st April 2012.

8. The fair value of the options granted is set out in Note 14 to the consolidated financial statements.

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

REPORT OF THE DIRECTORS

DIRECTORS

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

Tan Sri Datuk Sir TIONG Hiew King# *(Chairman)* (appointed as the Chairman and non-executive Director on 1st April 2012)
Mr. TIONG Kiu King *(Chairman)* (passed away on 14th January 2012)
Mr. TIONG Kiew Chiong *(Deputy Chairman)*
Mr. TUNG Siu Ho, Terence (resigned as an executive Director and Chief Executive Officer on 1st April 2011)
Mr. LAM Pak Cheong (appointed as an executive Director and Chief Executive Officer on 1st April 2011)
Mr. YU Hon To, David*
Mr. SIT Kien Ping, Peter*
Mr. TAN Hock Seng, Peter*

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

In accordance with Article 108(a) of the Articles, Mr. TIONG Kiew Chiong and Mr. TAN Hock Seng, Peter will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. In addition, pursuant to Article 112 of the Articles, Tan Sri Datuk Sir TIONG Hiew King will retire at the forthcoming annual general meeting and being eligible, offers himself for re-election.

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

DIRECTORS' SERVICE CONTRACTS

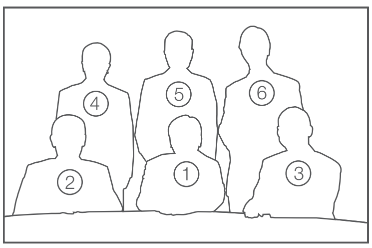
Each of the executive Directors and non-executive Director has entered into a service contract with the Company for a term of two years commencing from 1st April 2012 to 31st March 2014, while each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from 1st April 2010 to 31st March 2013.

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

DIRECTORS' INTERESTS IN CONTRACTS

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

REPORT OF THE DIRECTORS



Non-executive Director
1 Tan Sri Datuk Sir TIONG Hiew King

Executive Directors
2 Mr. TIONG Kiew Chiong
3 Mr. LAM Pak Cheong

Independent non-executive Directors
4 Mr. YU Hon To, David
5 Mr. TAN Hock Seng, Peter
6 Mr. SIT Kien Ping, Peter

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Tan Sri Datuk Sir TIONG Hiew King, aged 78, was appointed as the Chairman and a non-executive Director of the Company on 1st April 2012. He has been the Chairman of MCI (stock code: 0685), the holding company of the Company which is publicly listed on the Stock Exchange and Bursa Malaysia Securities Berhad ("Bursa Malaysia"), since October 1995. Tan Sri Datuk Sir TIONG Hiew King is the Executive Chairman of Rimbunan Hijau Group, a large diversified conglomerate in Malaysia comprising timber harvesting, processing and manufacturing of timber products, plantations and other businesses around the world. He has extensive experience in a number of industries, including media and publishing, timber, oil palm, plantations and mills, oil and gas, mining, fishery, information technology and manufacturing. He is the founder of an English newspaper named "*The National*" in Papua New Guinea and is currently the President of The Chinese Language Press Institute Limited. He was bestowed the Knight Commander of the Most Excellent Order of the British Empire (K.B.E.) by Queen Elizabeth II of the United Kingdom in June 2009 in recognition of his contribution to commerce, community and charitable organisations. In 2010, he was awarded "Malaysia Business Leadership Award 2010 – The Lifetime Achievement Award" by the Kuala Lumpur Malay Chamber of Commerce in recognition of his entrepreneurship and his contribution to the country.

Tan Sri Datuk Sir TIONG Hiew King currently serves as the Executive Chairman of Rimbunan Sawit Berhad (stock code: 5113), a listed company in Malaysia and RH Petrogas Limited (stock code: T13), a listed company in Singapore. He also serves as a director of other private limited companies, some of which being subsidiaries of the Company.

He is the brother of Dato' Sri Dr. TIONG Ik King and a distant relative of Mr. TIONG Kiew Chiong. Dato' Sri Dr. TIONG Ik King is a substantial Shareholder, while Mr. TIONG Kiew Chiong is the Deputy Chairman and executive Director of the Company.

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

Executive Directors

TIONG Kiew Chiong, aged 52, was appointed as an executive Director in March 2005 and is the Deputy Chairman of the Company. Mr. TIONG is also the Chairman of the executive committee of the Company (the "Executive Committee") and a member of the Remuneration Committee and Nomination Committee of the Company. He has been an executive director of MCI (stock code: 0685) since May 1998 and is currently its Group Chief Executive Officer. MCI is the holding company of the Company and it is publicly listed on the Stock Exchange and Bursa Malaysia. Mr. TIONG has extensive experience in the media and publishing business. He is one of the founders of "*The National*", a newspaper in Papua New Guinea launched in 1993. Mr. TIONG obtained his Bachelor of Business Administration (Honours) from York University, Toronto, Canada in 1982. Mr. TIONG currently serves as an executive director of RH Petrogas Limited (stock code: T13), a listed company in Singapore. He also sits on the board of various subsidiaries of the Company and several private limited companies. He is a distant nephew of Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King. Tan Sri Datuk Sir TIONG Hiew King is the Chairman of the Company and both Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King are substantial Shareholders.

LAM Pak Cheong, aged 43, joined the Group in April 2004 and was appointed as an executive Director and the Chief Executive Officer of the Company on 1st April 2011. Mr. LAM is also a member of the Executive Committee and is in charge of overseeing all business operations of the Group. He is also the Head of Finance and a member of the Hong Kong Executive Committee of MCI, the controlling shareholder of the Group. Mr. LAM has extensive experience in corporate development, financial management, mergers and acquisitions, corporate governance and investor relations. He is an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. LAM obtained his Master of Business Administration in Financial Services jointly from the University of Manchester and the University of Wales, Bangor in the United Kingdom and Master of Corporate Governance from the Hong Kong Polytechnic University. He also holds directorships in various subsidiaries of the Company.

Independent non-executive Directors

YU Hon To, David, aged 64, has been an independent non-executive Director of the Company since June 2005. He is also the Chairman of the Audit Committee, and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. YU is a fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Hong Kong Institute of Certified Public Accountants. He was formerly a partner of an international accounting firm with extensive experience in corporate finance, auditing and corporate management. Mr. YU is the Vice Chairman of MCL Partners Limited, a Hong Kong based financial advisory and investment firm. He is currently an independent non-executive director of MCI (stock code: 0685).

Mr. YU currently serves as an independent non-executive director of Great China Holdings Limited (stock code: 141), Playmates Holdings Limited (stock code: 635), VXL Capital Limited (stock code: 727), China Renewable Energy Investment Limited (stock code: 987; formerly known as Hong Kong Energy (Holdings) Limited), Haier Electronics Group Co., Limited (stock code: 1169), Sateri Holdings Limited (stock code: 1768), China Datang Corporation Renewable Power Co., Limited (stock code: 1798), Synergis Holdings Limited (stock code: 2340) and TeleEye Holdings Limited (stock code: 8051), all of which are listed companies in Hong Kong.

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

Independent non-executive Directors *(Continued)*

SIT Kien Ping, Peter, aged 59, has been an independent non-executive Director of the Company since June 2005. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. He is a solicitor of Hong Kong, a notary public and a China-appointed attesting officer. Mr. SIT has over 33 years of experience in advising on commercial transactions and conveyancing projects, and currently is a senior and founding partner of Sit, Fung, Kwong & Shum, a law firm in Hong Kong.

TAN Hock Seng, Peter, aged 78, has been an independent non-executive Director of the Company since June 2005. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr. TAN is currently a visiting professor of Economics of the College of Arts and Science of Beijing United University. He is an experienced investor and researcher in the area of currency economics and has organised various seminars about international currencies and economies in the PRC. Mr. TAN obtained his Bachelor in Geology from Peking Geology University in the PRC.

Senior management

CHAN Yiu On, aged 55, joined the MCI Group in July 2005, is the Chief Operating Officer of the Group. Mr. CHAN is also a member of the Executive Committee. He is in charge of the overall sales and marketing and the general management of the business operation of the Group. Mr. CHAN has 34 years of extensive experience in media industry in Hong Kong. Prior to joining the MCI Group, he had worked in several media companies engaged in the business of advertising, media agency, terrestrial TV, print publishing and radio broadcasting. He is very familiar with the media industry and is an experienced senior executive of the advertising industry in Hong Kong. Mr. CHAN is currently the board member of The Society of Publishers in Asia.

LUNG King Cheong, aged 58, joined the Group in January 1996, is the Editorial Director of the Group. Mr. LUNG is also a member of the Executive Committee. He is in charge of the overall editorial works and the general management of the editorial team of all publications of the Group. Mr. LUNG has extensive publishing and editorial experience in Hong Kong. Prior to joining the Group, he was the Chief Editor and Publisher of "*Hong Kong Today*". Mr. LUNG is very familiar with the media industry and is one of the most experienced chief editors of lifestyle magazines in Hong Kong.

YEUNG Ying Fat, aged 44, joined the MCI Group in February 1997, is the Financial Controller of the Group. Mr. YEUNG was appointed as Company Secretary of the Company on 1st April 2011. He is in charge of the financial, management accounting and company secretarial affairs of the Group. Mr. YEUNG has extensive experience in financial accounting and management accounting. He is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the MCI Group, he had worked in several international accounting firms for more than 4 years. Mr. YEUNG obtained his Bachelor of Management in Accounting from the University of Lethbridge in Canada.

WONG Ching Hang, Cynthia, aged 45, joined the Group in January 1995, is the Business Director of the Group. She is in charge of the overall advertising sales and the business development of all publications of the Group. Ms. WONG has extensive advertising sales experience in the media industry. She obtained her Higher Certificate in Marketing and Sales Management from the Hong Kong Polytechnic University.

ZHOU Guohua, aged 40, joined the Group in December 2007, is the Chief Executive Officer of the Group's operation in Mainland China. He is in charge of the Group's business operation in Mainland China. Mr. ZHOU has over 16 years of experience in media industry in Mainland China.

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

As at 31st March 2012, the interests and short positions of the Directors, chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified or as required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

(a) Interests in the Company's shares

	Number of shares/underlying shares held					
Name of Director	**Personal interest**	**Corporate interest**	**Total interests in shares**	**Interests in underlying share pursuant to shares options** *(Note)*	**Aggregate interests**	**Percentage of issued ordinary shares as at 31st March 2012**
Mr. TIONG Kiew Chiong	4,000,000	–	4,000,000	1,250,000	5,250,000	1.31%
Mr. LAM Pak Cheong	–	3,000,000	3,000,000	1,000,000	4,000,000	1.00%
Mr. YU Hon To, David	–	–	–	150,000	150,000	0.04%
Mr. SIT Kien Ping, Peter	–	–	–	150,000	150,000	0.04%
Mr. TAN Hock Seng, Peter	200,000	–	200,000	150,000	350,000	0.09%

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

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

(b) Interests in shares in MCI

Name of Director	**Personal interest (Number of shares held)**	**Approximate percentage of issued ordinary shares in MCI as at 31st March 2012**
Mr. TIONG Kiew Chiong	3,607,783	0.21%

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

Save as disclosed above and those disclosed under the paragraph headed "Share Options", as at 31st March 2012, none of the Directors, chief executives and their associates had any interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that as at 31st March 2012, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of issued ordinary shares as at 31st March 2012
Comwell Investment Limited *(Note)*	292,700,000	Beneficial owner	73.18%

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

Note:

Comwell Investment Limited is an indirect wholly-owned subsidiary of MCI. Tan Sri Datuk Sir TIONG Hiew King, a director and substantial shareholder of MCI, is deemed interested in MCI in an aggregate of 52.40% by virtue of his personal interests, family interests and corporate interests. Dato' Sri Dr. TIONG Ik King, a director and substantial shareholder of MCI, is deemed interested in MCI in an aggregate of 15.63% by virtue of his personal interests and corporate interests.

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

Save as disclosed above, the Company had not been notified of any other interests representing 5% or more of the issued share capital of the Company as at 31st March 2012.

MANAGEMENT CONTRACTS

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

MAJOR SUPPLIERS AND CUSTOMERS

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

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

Purchases	
– the largest supplier	22%
– five largest suppliers combined	37%

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

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

(a) Continuing connected transactions

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

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

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

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

Nature of transactions	**For the year ended 31st March 2012** HK$'000	**Annual cap** HK$'000
License fees *(Note 1)*	11,648	16,600
Circulation support services charges *(Note 2)*	1,169	3,500
Barter advertising expenses *(Note 3)*	1,052	2,000
Barter advertising income *(Note 3)*	(1,052)	(2,000)
Printing services charges *(Note 4)*	2,900	8,850
Colour separation, type-setting and film making expenses *(Note 5)*	44	200
Charges for the leasing of office space, storage space and parking space *(Note 6)*	1,680	2,800

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

(Continued)

(a) Continuing connected transactions *(Continued)*

Notes:

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

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

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

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

5. Pursuant to a pre-press service agreement entered into between Kin Ming Printing Company Limited ("KM") and OMH, a direct wholly-owned subsidiary of the Company, dated 1st April 2007, KM agreed to provide the colour separation services, film-making services and typesetting services to the Group for a term of three years from 1st April 2007 to 31st March 2010. On 25th March 2010, KM and OMH executed a confirmation letter to confirm the renewal of the agreement on the same terms and conditions for a term of three years from 1st April 2010 to 31st March 2013. KM is an indirect wholly-owned subsidiary of MCI and is therefore an associate of MCI. Accordingly, KM is a connected person of the Company as defined under the Listing Rules. The colour separation, film-making and typesetting expenses represented the share of the monthly operating expenses of KM's respective departments at a pre-determined rate calculated on cost reimbursement basis.

6. Pursuant to an administrative services agreement entered into between Ming Pao Holdings Limited ("MPH") and OMH, a direct wholly-owned subsidiary of the Company, dated 1st February 2004, which includes, among others, MPH being the holding company of Holgain Limited ("Holgain") which is the registered owner of the office space, storage space and parking space within Ming Pao Industrial Centre (the "Premises"), agreed to lease the Premises to the Group for a term of three years and two months from 1st February 2004 to 31st March 2007. On 1st April 2007 and 25th March 2010, MPH and OMH executed two respective confirmation letters to confirm the renewal of the agreement on the same terms and conditions for a term of three years from 1st April 2007 to 31st March 2010 and 1st April 2010 to 31st March 2013 respectively. On 1st April 2012, Holgain further entered into a supplemental agreement with OMH to amend the relevant terms of the lease in respect of the said Premises. MPH and Holgain are indirect wholly-owned subsidiaries of MCI and are therefore associates of MCI. Accordingly, MPH and Holgain are connected persons of the Company as defined under the Listing Rules. The leasing charges were determined based on the prevailing market rates of the comparable premises.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

(Continued)

(a) Continuing connected transactions *(Continued)*

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

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

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

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

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

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

(b) Connected transactions

(i) On 5th August 2011, Sky Success Enterprises Limited ("Sky Success"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "ByRead S&P Agreement") with MediaNet Resources Limited ("MediaNet Resources"), an indirect wholly-owned subsidiary of MCI, pursuant to which MediaNet Resources as legal and beneficial owner sold, and Sky Success purchased, the entire issued share capital of Media Connect Investment Limited ("Media Connect") at a consideration of HK$25,800,000 and subject to the terms and conditions therein. Upon completion of the ByRead S&P Agreement, Sky Success would own the entire issued share capital of Media Connect, which in turn holds approximately 24.97% of the issued share capital of ByRead Inc. The transaction was completed on 30th September 2011. MediaNet Resources is an indirect wholly-owned subsidiary of MCI and is therefore an associate of MCI. Accordingly, MediaNet Resources is a connected person of the Company as defined under the Listing Rules. For details of the transaction, please refer to the announcement of the Company dated 5th August 2011.

(ii) On 29th February 2012, Top Plus Limited ("Top Plus"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Trademarks S&P Agreement") with MPH, an indirect wholly-owned subsidiary of MCI, pursuant to which MPH as legal and beneficial owner sold, and Top Plus purchased, the entire issued share capital of MPF which owns the trademarks and the past contents at a consideration of HK$75,600,000 and subject to the terms and conditions therein. The consideration will be satisfied by the issue of the convertible bond in the principal amount of HK$75,600,000 by the Company in favour of MPH or its nominee upon completion. Upon completion of the Trademarks S&P Agreement, Top Plus would own the entire issued share capital of MPF, which owns the trademarks and the past contents of the magazines operated by the Group, namely *"City Children's Weekly 明報兒童周刊"*, *"Hi-Tech Weekly 數碼誌尚"* and *"Ming Pao Weekly 明報周刊"*. At the extraordinary general meeting of the Company held on 28th May 2012, the Trademarks S&P Agreement, the issue of the convertible bond and the allotment and issue of the conversion shares to be issued by the Company upon conversion of the convertible bond under a specific mandate were duly approved by the independent Shareholders. The transaction is expected to complete on or before 5th June 2012. MPH is an indirect wholly-owned subsidiary of MCI and is therefore an associate of MCI. Accordingly, MPH is a connected person of the Company as defined under the Listing Rules. For details of the transaction, please refer to the announcement and the circular to the shareholders of the Company dated 29th February 2012 and 10th May 2012 respectively.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

(Continued)

Apart from the aforesaid Continuing Connected Transactions and Connected Transactions, related-party transactions entered by the Group during the year ended 31st March 2012, which do not constitute connected transactions under the Listing Rules are disclosed in Note 28 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPETING BUSINESS

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

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

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

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who retires and, being eligible, offers itself for re-appointment at the forthcoming annual general meeting.

By order of the Board

TIONG Kiew Chiong
Director

Hong Kong, 30th May 2012

CORPORATE GOVERNANCE REPORT

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

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

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Due to other commitment, Mr. TIONG Kiu King, the late Chairman of the Board of Directors, was unable to attend the annual general meeting of the Company held on 23rd August 2011. In his absence, Mr. TIONG Kiew Chiong, the executive Director and Deputy Chairman of the Company attended and took the chair of the said annual general meeting and ensured that proceedings of the meeting were conducted in order. The Company considers that sufficient measures have been taken to ensure that Company's corporate governance practices are no less exacting than those in the Code.

CONDUCT ON SHARE DEALINGS

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

The Directors have confirmed, following specific enquiry by the Company, their compliance with the required standard as set out in the Model Code during the year ended 31st March 2012.

THE BOARD OF DIRECTORS

Composition and function

The Board of Directors currently comprises six Directors as follows:

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

For qualifications, experience, expertise and relationships (if any) of the Board members, please refer to the biographies of each of the Directors as set out on pages 15 to 17.

THE BOARD OF DIRECTORS *(Continued)*

Composition and function *(Continued)*

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

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

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

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

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

(d) assuming the responsibility for corporate governance;

(e) approving the nominations of Directors; and

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

The senior management and the Executive Committee are responsible for:

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

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

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

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

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

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

Independence of independent non-executive Directors

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

THE BOARD OF DIRECTORS *(Continued)*

Proceedings and retirement of Directors

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

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

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

Directors' responsibilities

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

GOVERNANCE STRUCTURE

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

1. **Executive Committee**

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

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

GOVERNANCE STRUCTURE *(Continued)*

2. Remuneration Committee

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

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

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

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

(c) making recommendations to the Board of Directors on the remuneration packages of individual executive Directors and senior management; and the remuneration of non-executive Directors.

The remuneration of all Directors and their respective interest in share options are set out in Note 20 to the consolidated financial statements and under the "Share Options" paragraph in the Report of the Directors of this report.

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

3. Nomination Committee

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

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

(a) reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board of Directors to complement the Company's corporation strategy;

(b) identifying individual suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorship; and

(c) assessing the independence of independent non-executive Directors.

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

GOVERNANCE STRUCTURE *(Continued)*

4. Audit Committee

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

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

(a) acting as the key representative body for overseeing the relationship with the Company's external auditor;

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

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

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

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

(a) reviewed the audited financial statements for the year ended 31st March 2012, the interim report for the six months ended 30th September 2011 and the quarterly financial reports for the quarters ended 30th June 2011, 30th September 2011, 31st December 2011 and 31st March 2012;

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

(c) made recommendations to the Board of Directors for the appointment of the external auditor and reviewed the proposed audit fees for the year ended 31st March 2012;

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

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

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

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

GOVERNANCE STRUCTURE *(Continued)*

5. Investment Committee

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

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

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

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

(c) operating the fund;

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

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

NUMBER OF MEETINGS AND THE ATTENDANCE RATE

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

Attendance rate

Name of Director	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Mr. TIONG Kiu King *(Note)*	3/3	N/A	N/A	N/A
Mr. TIONG Kiew Chiong	4/4	N/A	2/2	1/1
Mr. LAM Pak Cheong	4/4	N/A	N/A	N/A
Mr. YU Hon To, David	4/4	4/4	2/2	1/1
Mr. SIT Kien Ping, Peter	3/4	4/4	2/2	1/1
Mr. TAN Hock Seng, Peter	3/4	4/4	2/2	1/1

Note: Mr. TIONG Kiu King passed away on 14th January 2012.

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

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

EXTERNAL AUDITOR

PricewaterhouseCoopers ("PwC") was appointed as the Group's external auditor for the year ended 31st March 2012. During the year, PwC and its other member firms provided the following audit and non-audit services to the Group:

Audit services (including interim review)	HK$1,030,000

Total fees for audit services provided by other external auditors/audit firms to the subsidiaries of the Group were approximately HK$68,000.

PwC will retire and offer itself for re-appointment at the annual general meeting of the Company to be held in August 2012.

A statement by PwC about its reporting responsibilities on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" section on pages 31 to 32.

PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company has maintained a sufficient public float of its share capital in Hong Kong stock market throughout the financial year ended 31st March 2012.

SHAREHOLDERS' COMMUNICATIONS

The objective of shareholders' communication is to provide our Shareholders with detailed information about the Company so that they can exercise their rights as Shareholders in an informed manner. The Company uses a range of communication tools to ensure its Shareholders are kept well informed of key business imperatives. These include general meetings, quarterly, interim and annual reports, announcements and circulars. Procedure for voting by poll has been read out by the chairman at the annual general meeting held in 2011. In addition, separate resolution was proposed by the chairman in respect of each separate issue, including re-election of directors, and voted by way of poll. The Company announced the results of the poll in the manner prescribed under the Listing Rules.

INTERNAL CONTROL

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

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

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

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF ONE MEDIA GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of One Media Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 33 to 83, which comprise the consolidated and company balance sheets as at 31st March 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INDEPENDENT AUDITOR'S REPORT

OPINION

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

OTHER MATTERS

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30th May 2012

CONSOLIDATED BALANCE SHEET

As at 31st March

	Notes	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**5,231**	4,376
Intangible assets	*7*	**3,181**	2,719
Interests in associates	*9*	**25,978**	–
Deferred income tax assets	*17*	**807**	51
		35,197	7,146
Current assets			
Inventories	*10*	**8,473**	10,213
Trade and other receivables	*12*	**57,581**	50,268
Cash and cash equivalents	*13*	**97,461**	108,575
		163,515	169,056
Total assets		**198,712**	176,202
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*14*	**400**	400
Share premium	*14*	**456,073**	456,073
Other reserves	*15(a)*	**(330,334)**	(331,668)
Retained earnings			
– Proposed final dividends	*15(a)&24*	**16,000**	8,000
– Others	*15(a)*	**24,147**	11,166
Total equity		**166,286**	143,971

The notes on pages 40 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31st March

	Notes	2012 HK$'000	2011 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*17*	**150**	–
Long service payment obligations	*18*	**117**	28
		267	28
Current liabilities			
Trade and other payables	*16*	**27,832**	23,430
Amounts due to fellow subsidiaries	*16*	**3,611**	6,039
Current income tax liabilities		**716**	2,734
		32,159	32,203
Total liabilities		**32,426**	32,231
Total equity and liabilities		**198,712**	176,202
Net current assets		**131,356**	136,853
Total assets less current liabilities		**166,553**	143,999

By order of the Board

TIONG Kiew Chiong
Director

LAM Pak Cheong
Director

The notes on pages 40 to 83 are an integral part of these consolidated financial statements.

BALANCE SHEET

As at 31st March

	Notes	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current asset			
Interests in subsidiaries	*8*	**444,974**	462,670
Current assets			
Other receivables	*12*	**164**	56
Cash and cash equivalents	*13*	**70,340**	64,162
		70,504	64,218
Total assets		**515,478**	526,888
EQUITY			
Capital and reserves			
Share capital	*14*	**400**	400
Share premium	*14*	**456,073**	456,073
Other reserves	*15(b)*	**6,320**	6,320
Retained earnings			
– Proposed final dividends	*15(b)&24*	**16,000**	8,000
– Others	*15(b)*	**36,419**	55,879
Total equity		**515,212**	526,672
LIABILITY			
Current liability			
Other payables	*16*	**266**	216
Total liability		**266**	216
Total equity and liability		**515,478**	526,888
Net current assets		**70,238**	64,002
Total assets less current liability		**515,212**	526,672

By order of the Board

TIONG Kiew Chiong
Director

LAM Pak Cheong
Director

The notes on pages 40 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31st March

	Notes	2012 HK$'000	2011 HK$'000
Turnover	*5*	**224,183**	200,188
Cost of goods sold		**(95,803)**	(96,099)
Gross profit		**128,380**	104,089
Other income	*5*	**4,254**	2,955
Selling and distribution costs		**(51,426)**	(45,896)
Administrative expenses		**(40,250)**	(33,974)
Operating profit		**40,958**	27,174
Share of loss of associates		**(822)**	–
Profit before income tax		**40,136**	27,174
Income tax expense	*21*	**(7,555)**	(6,768)
Profit for the year		**32,581**	20,406
Profit attributable to:			
Equity holders of the Company		**32,581**	20,406
Earnings per share attributable to equity holders of the Company during the year (expressed in HK cents per share)			
– Basic and diluted	*23*	**8.1**	5.1
Dividends	*24*	**19,600**	11,000

The notes on pages 40 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March

	2012 HK$'000	2011 HK$'000
Profit for the year	**32,581**	20,406
Other comprehensive income:		
Currency translation differences	**1,459**	1,397
Actuarial (losses)/gains on long service payment obligations	**(125)**	5
Total comprehensive income for the year	**33,915**	21,808
Attributable to:		
Equity holders of the Company	**33,915**	21,808

The notes on pages 40 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31st March

	Notes	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Cash generated from operations	25	**38,973**	33,073
Hong Kong income tax paid		**(10,177)**	(3,481)
Net cash generated from operating activities		**28,796**	29,592
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,485)**	(1,939)
Purchase of intangible assets		**(474)**	(61)
Interest received		**889**	386
Acquisition of associates		**(26,800)**	–
Net cash used in investing activities		**(28,870)**	(1,614)
Cash flows from financing activities			
Dividends paid to Company's shareholders	24	**(11,600)**	(45,000)
Net cash used in financing activities		**(11,600)**	(45,000)
Net decrease in cash and cash equivalents		**(11,674)**	(17,022)
Cash and cash equivalents at the beginning of the year		**108,575**	125,365
Exchange gain on cash and cash equivalents		**560**	232
Cash and cash equivalents at end of the year	13	**97,461**	108,575

The notes on pages 40 to 83 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st March

	Attributable to equity holders of the Company				
	Share capital HK$'000	**Share premium** HK$'000	**Other reserves** HK$'000	**Retained earnings** HK$'000	**Total equity** HK$'000
At 1st April 2010	400	456,073	(333,175)	43,760	167,058
Comprehensive income					
Profit for the year	–	–	–	20,406	20,406
Other comprehensive income:					
Currency translation differences	–	–	1,397	–	1,397
Actuarial gains on long service payment obligations	–	–	5	–	5
Total comprehensive income for the year	–	–	1,402	20,406	21,808
Transactions with shareholders					
Share compensation costs on share options granted	–	–	105	–	105
Dividend paid relating to 2010	–	–	–	(42,000)	(42,000)
Interim dividend paid relating to 2011	–	–	–	(3,000)	(3,000)
At 31st March 2011	400	456,073	(331,668)	19,166	143,971
At 1st April 2011	**400**	**456,073**	**(331,668)**	**19,166**	**143,971**
Comprehensive income					
Profit for the year	**–**	**–**	**–**	**32,581**	**32,581**
Other comprehensive income:					
Currency translation differences	**–**	**–**	**1,459**	**–**	**1,459**
Actuarial losses on long service payment obligations	**–**	**–**	**(125)**	**–**	**(125)**
Total comprehensive income for the year	**–**	**–**	**1,334**	**32,581**	**33,915**
Transactions with shareholders					
Dividend paid relating to 2011	**–**	**–**	**–**	**(8,000)**	**(8,000)**
Interim dividend paid relating to 2012	**–**	**–**	**–**	**(3,600)**	**(3,600)**
At 31st March 2012	**400**	**456,073**	**(330,334)**	**40,147**	**166,286**

The notes on pages 40 to 83 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

The Company is an investment holding company. The Group is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated, and have been approved for issue by the Board of Directors on 30th May 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies.

(a) New and amended standards adopted by the Group

The Group has adopted the following revised standard, which is mandatory for the financial year beginning on 1st April 2011 and is relevant to its operations:

IAS 24 (Revised), "Related Party Disclosures" is effective for annual periods beginning on or after 1st January 2011. It introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government related entities and the government. It also clarifies and simplifies the definition of a related party. The amendment does not have a material impact on these consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) New standards, amendments and interpretations that have been issued but are not yet effective for the financial year beginning on 1st April 2011 and have not been early adopted

The Group has not early adopted the following new standards, amendments and interpretations that have been issued but are not yet effective for the financial year beginning on 1st April 2011. The Group is in the process of making an assessment of the impact of these new IFRSs in their period of initial application.

		Effective for accounting period beginning on or after
IAS 12 (amendment)	Deferred tax: Recovery of underlying assets	1st January 2012
IAS 1 (amendment)	Presentation of financial statements	1st July 2012
IAS 19 (amendment)	Employee benefits	1st January 2013
IAS 27 (revised 2011)	Separate financial statements	1st January 2013
IAS 28 (revised 2011)	Investment in associates and joint ventures	1st January 2013
IFRS 10	Consolidated financial statements	1st January 2013
IFRS 11	Joint arrangements	1st January 2013
IFRS 12	Disclosure of interests in other entities	1st January 2013
IFRS 13	Fair value measurements	1st January 2013
IFRS 9	Financial instruments	1st January 2015

2.2 Consolidation

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

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the net assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement (Note 2.7).

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

In the Company's balance sheet, the interests in subsidiaries are stated at cost less provision for impairment losses (Note 2.8). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Interests in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the interest in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of an associate in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment reporting

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

2.5 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Foreign currency translation *(Continued)*

(c) Group companies

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

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

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

(iii) all resulting exchange differences are recognised in other comprehensive income.

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

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

2.6 Property, plant and equipment

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Property, plant and equipment *(Continued)*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

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

2.7 Intangible assets

(a) Goodwill

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

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

(b) Computer softwares

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

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

(c) Trademark and customer list

Trademark and customer list acquired in a business combination are recognised at fair values at the acquisition date. The trademark and the customer list have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of 30 years and 5 years of the trademark and the customer list respectively.

2.8 Impairment of interests in subsidiaries and non-financial assets

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the consolidated balance sheet (Note 2.11 and 2.12).

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

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

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

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade and other receivables is described in Note 2.11.

2.10 Inventories

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Trade and other receivables

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

2.12 Cash and cash equivalents

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

2.13 Share capital

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

2.14 Trade and other payables

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

2.15 Current and deferred income tax

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Current and deferred income tax *(Continued)*

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

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

2.16 Employee benefits

(a) Pension obligations

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

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

(b) Long service payment

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Employee benefits *(Continued)*

(c) Share-based compensation

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

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

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

(d) Employee leave entitlements

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

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

(e) Bonus plans

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

2.17 Provisions

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Revenue recognition

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

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

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

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

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

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

2.19 Operating leases

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

2.20 Dividend distribution

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

2.21 Provision for sales return

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

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

(a) Price risk

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

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

If the average paper price had increased by 5%, the Group's profit before income tax for the year ended 31st March 2012 and 2011 would have decreased by approximately HK$1,002,000 and HK$984,000 respectively.

(b) Credit risk

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

The extent of credit risk relating to the Group's trade and other receivables (according to extent to which provisions for impairments are warranted) is disclosed in Note 12. The Group maintains cash and cash equivalents with reputable financial institution from which management believes the risk of loss to be remote. The management assesses credit quality of the outstanding cash and cash equivalents balances as high and considers no individually significant exposure. Maximum exposure to credit risk at the balance sheet date is the carrying value of the cash at banks.

(c) Liquidity risk

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

The remaining contractual maturities at the balance sheet date of the Group's financial liabilities amounted to HK$26,933,000 (2011: HK$22,537,000), which were trade and other payables and based on contractual undiscounted cash flows and the earliest date on which the Group can be required to pay within one year or on demand. Management considers the liquidity of the Group is sufficient to repay the financial liabilities. The amounts due to fellow subsidiaries are repayable on demand.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

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

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

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

During the year ended 31st March 2012, the Group's strategy, which was unchanged from 2011, was to maintain a gearing ratio of zero. The gearing ratios at 31st March 2012 and 2011 were zero as the Group had no borrowing or debt.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and judgements concerning the future based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 7). Changing the assumptions selected by the Group to determine the level, if any, of impairment, including the discount rate or the growth rate assumptions, could significantly affect the Group's reported financial positions and results of operations.

(b) Impairment of interests in subsidiaries and associates

The interests in subsidiaries and associates are tested for impairment where there are indicators of impairment. If any such indication exists, the asset's recoverable amount is estimated (Note 2.8). The recoverable amounts of the interests in subsidiaries and associates is determined based on value-in-use calculations which involve assumptions, including the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions used in estimating the recoverable amount of interests in subsidiaries and associates could result in a material impact to reported financial positions and performance results of the Company and the Group, respectively.

5 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business.

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

	2012 HK$'000	2011 HK$'000
Turnover	**224,183**	200,188
Other income		
Bank interest income	**889**	386
License fee income	**560**	604
Others	**2,805**	1,965
	4,254	2,955
Total revenue	**228,437**	203,143

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

The Executive Committee considers the business from geographical perspective. Geographically, management considers the performance of media business in Hong Kong and Mainland China.

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

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2012 are as follows:

	Media business		
	Hong Kong HK$'000	Mainland China HK$'000	Total HK$'000
Turnover	183,443	40,740	224,183
Segment profit/(loss) before income tax	62,957	(10,292)	52,665
Unallocated expenses			(11,707)
Operating profit			40,958
Share of loss of associates			(822)
Profit before income tax			40,136
Income tax (expense)/credit	(8,361)	806	(7,555)
Profit for the year			32,581
Other information:			
Interest income	552	337	889
Depreciation of property, plant and equipment	797	897	1,694
Amortisation of intangible assets	75	25	100

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	Media business		
	Hong Kong HK$'000	Mainland China HK$'000	Total HK$'000
Turnover	164,693	35,495	200,188
Segment profit/(loss) before income tax	50,528	(14,138)	36,390
Unallocated expenses			(9,216)
Profit before income tax			27,174
Income tax expense	(6,768)	–	(6,768)
Profit for the year			20,406
Other information:			
Interest income	336	50	386
Depreciation of property, plant and equipment	1,173	748	1,921
Amortisation of intangible assets	33	11	44

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 31st March 2012 are as follows:

	Hong Kong HK$'000	Mainland China HK$'000	Eliminations HK$'000	Unallocated HK$'000	Group HK$'000
Total assets	**283,196**	**69,633**	**(154,924)**	**807**	**198,712**
Total assets include:					
– Interests in associates	**985**	**24,993**	**–**	**–**	**25,978**
– Additions to non-current assets (other than deferred income tax assets and interests in associates)	**1,996**	**963**	**–**	**–**	**2,959**
Total liabilities	**(23,368)**	**(163,116)**	**154,924**	**(866)**	**(32,426)**

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

	Hong Kong HK$'000	Mainland China HK$'000	Eliminations HK$'000	Unallocated HK$'000	Group HK$'000
Total assets	249,145	58,347	(131,341)	51	176,202
Total assets include:					
– Additions to non-current assets (other than deferred income tax assets)	470	1,530	–	–	2,000
Total liabilities	(16,537)	(144,273)	131,341	(2,762)	(32,231)

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

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

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

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

The total of non-current assets located in Hong Kong is HK$4,378,000 (2011: HK$4,976,000) and the total of these non-current assets located in Mainland China is HK$30,012,000 (2011: HK$2,119,000).

No revenue derived from a single customer is 10% or more of the combined revenue of all operating segments (2011: Nil).

6 PROPERTY, PLANT AND EQUIPMENT

	Group				
	Leasehold improvements HK$'000	**Furniture, fixtures and office equipment** HK$'000	**Computer equipment** HK$'000	**Motor vehicles** HK$'000	**Total** HK$'000
At 1st April 2010					
Cost	4,321	4,462	8,075	1,198	18,056
Accumulated depreciation	(2,467)	(3,792)	(6,773)	(706)	(13,738)
Net book amount	1,854	670	1,302	492	4,318
Year ended 31st March 2011					
Opening net book amount	1,854	670	1,302	492	4,318
Exchange differences	2	4	20	14	40
Additions	599	585	755	–	1,939
Depreciation *(Note 19)*	(410)	(526)	(765)	(220)	(1,921)
Closing net book amount	2,045	733	1,312	286	4,376
At 31st March 2011					
Cost	4,987	5,075	8,921	1,238	20,221
Accumulated depreciation	(2,942)	(4,342)	(7,609)	(952)	(15,845)
Net book amount	2,045	733	1,312	286	4,376
Year ended 31st March 2012					
Opening net book amount	**2,045**	**733**	**1,312**	**286**	**4,376**
Exchange differences	**19**	**14**	**24**	**7**	**64**
Additions	**–**	**421**	**1,383**	**681**	**2,485**
Depreciation *(Note 19)*	**(406)**	**(391)**	**(646)**	**(251)**	**(1,694)**
Closing net book amount	**1,658**	**777**	**2,073**	**723**	**5,231**
At 31st March 2012					
Cost	**5,062**	**5,534**	**10,347**	**1,950**	**22,893**
Accumulated depreciation	**(3,404)**	**(4,757)**	**(8,274)**	**(1,227)**	**(17,662)**
Net book amount	**1,658**	**777**	**2,073**	**723**	**5,231**

Depreciation expense of HK$1,694,000 (2011: HK$1,921,000) has been charged in cost of goods sold, selling and distribution costs and administrative expenses.

7 INTANGIBLE ASSETS

	Group		
	Computer softwares HK$'000	Goodwill HK$'000	Total HK$'000
At 1st April 2010			
Cost	183	2,460	2,643
Accumulated amortisation	(52)	–	(52)
Net book amount	131	2,460	2,591
Year ended 31st March 2011			
Opening net book amount	131	2,460	2,591
Additions	61	–	61
Amortisation expense *(Note 19)*	(44)	–	(44)
Exchange adjustment	1	110	111
Closing net book amount	149	2,570	2,719
At 31st March 2011			
Cost	245	2,570	2,815
Accumulated amortisation	(96)	–	(96)
Net book amount	149	2,570	2,719
Year ended 31st March 2012			
Opening net book amount	**149**	**2,570**	**2,719**
Additions	**474**	**–**	**474**
Amortisation expense *(Note 19)*	**(100)**	**–**	**(100)**
Exchange adjustment	**–**	**88**	**88**
Closing net book amount	**523**	**2,658**	**3,181**
At 31st March 2012			
Cost	**720**	**2,658**	**3,378**
Accumulated amortisation	**(197)**	**–**	**(197)**
Net book amount	**523**	**2,658**	**3,181**

7 INTANGIBLE ASSETS *(Continued)*

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

The recoverable amount of this CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections covering a five-year-period based on financial budgets for year ending 31st March 2013 approved by management followed by 25 years with zero growth rate. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. Key assumptions used for value-in-use calculations are around 9% for average growth rate and 10% for the discount rate. Management determined budgeted gross margin based on past performance and its expectations for the market development. The growth rates used are consistent with the industry forecasts. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

(b) Amortisation expense of HK$100,000 (2011: HK$44,000) has been charged in cost of goods sold, selling and distribution and administrative expenses.

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

8 INTERESTS IN SUBSIDIARIES

	Company	
	2012	2011
	HK$'000	HK$'000
Unlisted shares, at cost *(Note (a))*	**359,720**	359,720
Amounts due from subsidiaries *(Note (b))*	**85,254**	102,950
	444,974	462,670

8 INTERESTS IN SUBSIDIARIES *(Continued)*

(a) The following is a list of the principal subsidiaries at 31st March 2012:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Interest held
Beijing Media Advertising Company Limited (北京世華廣告有限公司) (Formerly known as Beijing Times Resource Advertising Company Limited (北京時代潤誠廣告有限公司))	PRC, limited liability company	Advertising in PRC	Registered capital of RMB3,500,000	100%
Beijing OMG Advertising Company Limited (北京萬華廣告有限責任公司)	PRC, limited liability company	Magazines operation in PRC	Registered capital of RMB30,000,000	100%
Beijing OMG M2U Advertising Company Limited (北京萬華共創廣告有限公司)	PRC, limited liability company	Magazines advertising in PRC	Registered capital of RMB50,000,000	100%
Beijing Times Resource Technology Consulting Limited ("TRT") (北京新時代潤誠科技諮詢有限公司)	PRC, limited liability company	Magazines operation in PRC	Registered capital of RMB3,000,000	[2]100%
MediaNet Advertising Limited	Hong Kong, limited liability company	Media operation in Hong Kong	100 ordinary shares of HK$1 each	100%
Media2U Company Limited	Hong Kong, limited liability company	Magazines advertising and operation in Hong Kong	101 ordinary shares of HK$1 each	100%
Media2U (BVI) Company Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of US$1 each	100%
Media Connect Investment Limited	British Virgin Island, limited liability company	Investment holding in PRC	1 share at no par value for HK$1	100%
Ming Pao Magazines Limited	Hong Kong, limited liability company	Magazines publishing in Hong Kong	165,000 ordinary shares of HK$10 each	100%
One Media (HK) Limited	Hong Kong, limited liability company	Dormant	10 ordinary shares of HK$1 each	100%
One Media Holdings Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	20,000 ordinary shares of US$0.01 each	[1]100%
Sky Success Enterprises Limited	British Virgin Island, limited liability company	Investment holding in Hong Kong and PRC	1 share at no par value for US$1	100%
Top Plus Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	10 ordinary shares of US$1 each	100%

8 INTERESTS IN SUBSIDIARIES *(Continued)*

(a) The following is a list of the principal subsidiaries at 31st March 2012: *(Continued)*

[1] Shares held directly by the Company.

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

(b) Amounts due from subsidiaries

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

9 INTERESTS IN ASSOCIATES

	2012 HK$'000	2011 HK$'000
At 1st April	–	–
Acquisition of associates	26,800	–
Share of loss (including amortisation of trademark and customer list)	(822)	–
At 31st March	25,978	–

Notes:

(a) On 30th September 2011, the Group acquired all the shares in Media Connect Investment Limited from a fellow subsidiary, which in turn holds approximately 24.97% interest in ByRead Inc., for a cash consideration of HK$25,800,000 *(Note 28)*.

(b) On 1st February 2012, the Group subscribed for 10% of the entire issued share capital as enlarged by the subscription of the shares in Blackpaper Limited at the investment cost of HK$1,000,000. Although the Group holds less than 20% of the equity shares of this company, the Group exercises significant influence by virtue of its contractual right to nominate and remove one director out of the four directors, all having equal voting rights, which form the board of directors of this company. In addition, the Group has the power to participate in making the financial and operating policy decisions of this company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 INTERESTS IN ASSOCIATES *(Continued)*

Notes: (Continued)

(c) As at 31st March 2012, interest in ByRead Inc. included goodwill, trademark and customer list identified from the acquisition of ByRead Inc. of HK$20,822,000, HK$3,919,000 and HK$948,000, excluding the effect of deferred tax liability respectively. The useful lives for trademark and customer list are 30 years and 5 years respectively.

Particulars of the Group's associates are as follows:

Name of associate	Place of incorporation	Effective equity interest	Principal activities
ByRead Inc.	The Cayman Islands	24.97%	note (i)
Blackpaper Limited	Hong Kong	10%	note (ii)

(i) ByRead Inc. is engaged in investment holding and the principal activities of its subsidiaries include provision of mobile value-added services such as entertainment, learning and multimedia applications for individuals and enterprises in Mainland China.

(ii) Blackpaper Limited is engaged in providing creative multimedia services and advertising campaigns.

(d) The Group's share of the results of its principal associates, and the gross amounts of assets (excluding goodwill) and liabilities, are as follows:

	Assets HK$'000	**Liabilities** HK$'000	**Revenues** HK$'000	**Loss** HK$'000
Year ended 31 March 2012	**4,666**	**1,555**	**456**	**(822)**
Year ended 31 March 2011	–	–	–	–

10 INVENTORIES

	Group	
	2012 **HK$'000**	2011 HK$'000
Raw materials	**8,473**	10,213

The cost of inventories recognised as expense and included in cost of goods sold amounted to HK$45,553,000 (2011: HK$46,955,000).

11 FINANCIAL INSTRUMENTS BY CATEGORY

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

Group

	Loans and receivables HK$'000
Assets	
At 31st March 2012	
Trade receivables *(Note 12)*	**52,956**
Other receivables	**3,132**
Cash and cash equivalents *(Note 13)*	**97,461**
Total	**153,549**
At 31st March 2011	
Trade receivables *(Note 12)*	45,418
Other receivables	2,189
Cash and cash equivalents *(Note 13)*	108,575
Total	156,182

	Other financial liabilities HK$'000
Liabilities	
At 31st March 2012	
Trade and other payables	**26,933**
Amounts due to fellow subsidiaries *(Note 16)*	**3,611**
Total	**30,544**
At 31st March 2011	
Trade and other payables	22,537
Amounts due to fellow subsidiaries *(Note 16)*	6,039
Total	28,576

11 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Company

	Loans and receivables HK$'000
Assets	
At 31st March 2012	
Other receivables *(Note 12)*	**164**
Cash and cash equivalents *(Note 13)*	**70,340**
Total	**70,504**
At 31st March 2011	
Other receivables *(Note 12)*	56
Cash and cash equivalents *(Note 13)*	64,162
Total	64,218

	Other financial liabilities HK$'000
Liabilities	
At 31st March 2012	
Trade and other payables	**266**
At 31st March 2011	
Trade and other payables	216

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**53,022**	45,418	**–**	–
Less: provision for impairment of trade receivables	**(66)**	–	**–**	–
Trade receivables — net	**52,956**	45,418	**–**	–
Prepayments and deposits — net	**4,625**	4,850	**164**	56
	57,581	50,268	**164**	56

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

The Group allows in general a credit period ranging from 30 days to 120 days to its trade customers. At 31st March 2012 and 2011, the ageing analysis of the Group's trade receivables by invoice date, net of impairment provision, is as follows:

	2012	2011
	HK$'000	HK$'000
0 to 60 days	**31,090**	25,571
61 to 120 days	**13,506**	11,890
121 to 180 days	**6,254**	4,942
Over 180 days	**2,106**	3,015
	52,956	45,418

Trade receivables that are neither past due nor impaired amounted to HK$29,379,000 (2011: HK$24,483,000). These balances relate to a wide range of customers for whom there is no recent history of default.

There is no concentration of credit risk with respect to trade receivables as the Group has a large customer base.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis to reduce the exposure to bad debts. The credit period on trade receivables depending on the business area is ranging from 30 to 120 days.

12 TRADE AND OTHER RECEIVABLES *(Continued)*

As at 31st March 2012, trade receivables of HK$23,577,000 (2011: HK$20,935,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2012 HK$'000	2011 HK$'000
Overdue by:		
0 to 60 days	**18,830**	14,742
61 to 120 days	**2,358**	3,636
Over 120 days	**2,389**	2,557
	23,577	20,935

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

	2012 HK$'000	2011 HK$'000
Hong Kong dollars	**43,413**	35,426
Renminbi	**14,168**	14,842
	57,581	50,268

During the year ended 31st March 2012, the Group recognised a loss of HK$95,000 (2011: HK$31,000) for the impairment of its trade receivables and directly wrote off an amount of HK$29,000 (2011: HK$31,000) as bad debts.

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

	2012 HK$'000	2011 HK$'000
At 1st April	**–**	–
Provision for receivables impairment	**95**	31
Receivable written off during the year as uncollectible	**(29)**	(31)
At 31st March	**66**	–

12 TRADE AND OTHER RECEIVABLES *(Continued)*

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

During the year ended 31st March 2012, no reversal of provision for impairment of deposits, prepayments and other receivables was made. During the year ended 31st March 2011, the Group had reversed a provision of HK$333,000 for the impairment of deposits, prepayments and other receivables.

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

Certain trade receivables of HK$2,087,000 (2011: HK$1,660,000) are secured by deposits and bank guarantees provided by the customers.

13 CASH AND CASH EQUIVALENTS

	Group		**Company**	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Cash at bank and on hand	**27,073**	22,029	**9,333**	4,934
Short-term bank deposits	**70,388**	86,546	**61,007**	59,228
	97,461	108,575	**70,340**	64,162
Maximum exposure to credit risk	**97,323**	108,355	**70,340**	64,162

The effective interest rate on average short-term bank deposits was 1.27% (2011: 0.48%). These deposits have maturity ranged from 30 days to 90 days.

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

	Group		**Company**	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Cash and cash equivalents	**97,461**	108,575	**70,340**	64,162

Included in the cash and cash equivalents of the Group are bank deposits denominated in Renminbi placed with banks in the Mainland China amounting to HK$24,002,000 (2011: HK$18,750,000), of which the remittance is subject to foreign exchange control.

14 SHARE CAPITAL AND PREMIUM

	Number of issued shares (in thousands)	Ordinary shares HK$'000	Share premium HK$'000	Total HK$'000
At 31st March 2010, 2011 and 2012	400,000	400	456,073	456,473

The total authorised number of ordinary shares is 4,000 million shares (2011: 4,000 million shares) with a par value of HK$0.001 per share (2011: HK$0.001). All issued shares are fully paid.

Share options

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

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

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

14 SHARE CAPITAL AND PREMIUM *(Continued)*

Share options *(Continued)*

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

	2012		2011	
	Average exercise price in HK$ per share	**Number of share options (in thousands)**	Average exercise price in HK$ per share	Number of share options (in thousands)
At 1st April	**1.2**	**10,208**	1.2	12,156
Lapsed	**1.2**	**(1,016)**	1.2	(1,948)
At 31st March	**1.2**	**9,192**	1.2	10,208

The above share options were conditionally granted on 27th September 2005 and the exercisable period is from 18th October 2005 to 25th September 2015 with 9,192,000 share options being exercisable as at 31st March 2012 (2011: 10,208,000 share options).

During the year, no share option was granted, exercised or cancelled and 1,016,000 (2011: 1,948,000) share options were lapsed.

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

Share compensation costs on share options granted are amortised over the vesting periods of one year or five years in accordance with terms specified in the Pre-IPO Share Option Scheme, no share compensation cost were recognised and specified in the consolidated income statement for the year ended 31st March 2012 (2011: HK$105,000).

15 OTHER RESERVES

(a) Group

	Employee share-based payment reserve HK$'000	Merger reserve HK$'000 *(Note)*	Exchange reserve HK$'000	Long service payment reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1st April 2010	6,215	(343,050)	3,626	34	43,760	(289,415)
Currency translation differences	–	–	1,397	–	–	1,397
Actuarial gains on long service payment obligations	–	–	–	5	–	5
Share compensation costs on share options granted *(Note 14)*	105	–	–	–	–	105
Profit for the year	–	–	–	–	20,406	20,406
Special and final dividend paid relating to 2010	–	–	–	–	(42,000)	(42,000)
Interim dividend paid relating to 2011	–	–	–	–	(3,000)	(3,000)
Balance at 31st March 2011	6,320	(343,050)	5,023	39	19,166	(312,502)
Balance at 1st April 2011	**6,320**	**(343,050)**	**5,023**	**39**	**19,166**	**(312,502)**
Currency translation differences	**–**	**–**	**1,459**	**–**	**–**	**1,459**
Actuarial loss on long service payment obligations	**–**	**–**	**–**	**(125)**	**–**	**(125)**
Profit for the year	**–**	**–**	**–**	**–**	**32,581**	**32,581**
Final dividend paid relating to 2011	**–**	**–**	**–**	**–**	**(8,000)**	**(8,000)**
Interim dividend paid relating to 2012	**–**	**–**	**–**	**–**	**(3,600)**	**(3,600)**
Balance at 31st March 2012	**6,320**	**(343,050)**	**6,482**	**(86)**	**40,147**	**(290,187)**

Note:

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

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

15 OTHER RESERVES *(Continued)*

(b) Company

	Employee share-based payment reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1st April 2010	–	109,242	109,242
Loss for the year	–	(363)	(363)
Share compensation costs on share options granted *(Note 14)*	6,320	–	6,320
Special and final dividend paid relating to 2010	–	(42,000)	(42,000)
Interim dividend paid relating to 2011	–	(3,000)	(3,000)
Balance at 31st March 2011	6,320	63,879	70,199
Balance at 1st April 2011	**6,320**	**63,879**	**70,199**
Profit for the year	**–**	**140**	**140**
Final dividend paid relating to 2011	**–**	**(8,000)**	**(8,000)**
Interim dividend paid relating to 2012	**–**	**(3,600)**	**(3,600)**
Balance at 31st March 2012	**6,320**	**52,419**	**58,739**

16 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	Group		Company	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Trade payables	**7,114**	6,375	**–**	–
Accrued expenses and receipts in advance	**20,718**	17,055	**266**	216
	27,832	23,430	**266**	216
Amounts due to fellow subsidiaries *(Note 28)*	**3,611**	6,039	**–**	–
	31,443	29,469	**266**	216

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

16 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

(Continued)

At 31st March 2012 and 2011, the ageing analysis of the trade payables by invoice date is as follows:

	2012 **HK$'000**	2011 HK$'000
0 to 60 days	**6,438**	5,927
61 to 120 days	**638**	413
121 to 180 days	**27**	14
Over 180 days	**11**	21
	7,114	6,375

17 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off and that the deferred income taxes relate to the same tax jurisdiction. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	2012 **HK$'000**	2011 HK$'000
Deferred income tax assets:		
to be recovered after 12 months	**807**	51
Deferred income tax liabilities:		
to be realised after 12 months	**(150)**	–

17 DEFERRED INCOME TAX ASSETS/(LIABILITIES) *(Continued)*

The movement in deferred income tax during the year is as follows:

	Group		
	Accelerated tax depreciation HK$'000	**Tax losses** HK$'000	**Total** HK$'000
Balance at 1st April 2010	(41)	–	(41)
Credited to the consolidated income statement *(Note 21)*	92	–	92
Balance at 31st March 2011	51	–	51
Balance at 1st April 2011	**51**	**–**	**51**
(Charged)/credited to the consolidated income statement *(Note 21)*	**(201)**	**807**	**606**
Balance at 31st March 2012	**(150)**	**807**	**657**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$36,506,000 (2011: HK$34,681,000) to carry forward against future taxable income. These tax losses have not been recognised due to uncertainty of their future recoverability.

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

	Group	
	2012 **HK$'000**	2011 HK$'000
Expiring within one year	**28**	236
Expiring in the second to fifth year	**23,006**	24,273
Expiring after the fifth year	**13,472**	10,172
	36,506	34,681

18 LONG SERVICE PAYMENT OBLIGATIONS

The provision for long service payment represents present value of the obligation under long service payment and respective actuarial gains. The movement during the year is the net-off of current service costs and interest on obligation against long service payment made during the year. Current service costs and interest on obligation were recognised during the year and included in employee benefit expense *(Note 20)*.

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

	Group	
	2012	2011
	HK$'000	HK$'000
Present value of the unfunded long service payment obligations	**117**	28

The long service payment obligations are repayable over five years (2011: five years).

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

	Group	
	2012	2011
	HK$'000	HK$'000
Beginning of the year	**28**	32
Current service cost	**8**	5
Interest cost	**1**	1
Actuarial benefits paid	**(45)**	(5)
Actuarial losses/(gains) on obligations	**125**	(5)
End of the year	**117**	28

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

	Group	
	2012	2011
	HK$'000	HK$'000
Beginning of the year	**28**	32
Charged to the consolidated income statement	**9**	6
Actuarial benefits paid	**(45)**	(5)
Actuarial losses/(gains) recognised in the consolidated statement of other comprehensive income	**125**	(5)
End of the year	**117**	28

18 LONG SERVICE PAYMENT OBLIGATIONS *(Continued)*

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

	Group	
	2012	2011
	HK$'000	HK$'000
Cumulative amount of actuarial gains at beginning of the year	**39**	34
Net actuarial (losses)/gains during the year	**(125)**	5
Cumulative amount of actuarial (losses)/gains at the end of the year	**(86)**	39

The principal actuarial assumptions used are as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
Average future working lifetime (in years)	**11**	10
Discount rate (%)	**1.2**	2.6
Expected inflation rate (%)	**3.0**	3.0
Expected rate of return of assets (%)	**4.25 to 6.5**	4.5 to 6.8
Expected rate of future salary increases (%)		
– 2012 and onwards (2011: 2011 and onwards)	**3.5**	3.5

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

	Group	
	2012	2011
	HK$'000	HK$'000
As at 31st March		
Present value of the long service payment obligations	**117**	28
Experience adjustment on the long service payment obligations	**69**	(21)

19 EXPENSES BY NATURE

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

	2012 **HK$'000**	2011 HK$'000
Depreciation of property, plant and equipment *(Note 6)*	**1,694**	1,921
Amortisation of intangible assets *(Note 7)*	**100**	44
Employee benefit expense (including directors' emoluments) *(Note 20)*	**66,330**	61,740
Paper consumed	**20,034**	19,676
Occupancy costs	**4,352**	3,953
Auditor's remuneration	**1,098**	951

20 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS

	2012 **HK$'000**	2011 HK$'000
Wages and salaries	**59,183**	55,793
Social security costs *(Note a)*	**4,165**	3,333
Share compensation costs on share options granted *(Note 14)*	**–**	105
Pension costs – defined contribution plans and MPF Scheme *(Note 28 (i))*	**1,476**	1,575
Staff welfare and allowances	**1,506**	934
	66,330	61,740

(a) Social security costs

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

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

(b) Directors' and senior management's emoluments

The remuneration of every Director for the year ended 31st March 2012 is set out below:

Name of Director	**Fees HK$'000**	**Salary HK$'000**	**Bonuses HK$'000**	**Employer's contribution to pension scheme HK$'000**	**Share compensation costs HK$'000**	**Total HK$'000**
Executive Directors						
Mr. TIONG Kiu King #1	**95**	**–**	**–**	**–**	**–**	**95**
Mr. TIONG Kiew Chiong	**120**	**–**	**699**	**–**	**–**	**819**
Mr. LAM Pak Cheong #2	**120**	**1,752**	**772**	**12**	**–**	**2,656**
Independent non-executive Directors						
Mr. YU Hon To, David	**170**	**–**	**–**	**–**	**–**	**170**
Mr. SIT Kien Ping, Peter	**140**	**–**	**–**	**–**	**–**	**140**
Mr. TAN Hock Seng, Peter	**130**	**–**	**–**	**–**	**–**	**130**

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

Name of Director	Fees HK$'000	Salary HK$'000	Bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Share compensation costs HK$'000	Total HK$'000
Executive Directors						
Mr. TIONG Kiu King	–	–	–	–	13	13
Mr. TIONG Kiew Chiong	–	–	257	–	13	270
Mr. TUNG Siu Ho, Terence #3	–	2,005	363	102	10	2,480
Non-executive Director						
Mr. Peter Bush BRACK #4	13	–	–	–	11	24
Independent non-executive Directors						
Mr. YU Hon To, David	160	–	–	–	2	162
Mr. SIT Kien Ping, Peter	140	–	–	–	2	142
Mr. TAN Hock Seng, Peter	130	–	–	–	2	132

#1 Mr. TIONG Kiu King passed away on 14th January 2012.

#2 Mr. LAM Pak Cheong appointed as an executive Director and Chief Executive Officer on 1st April 2011.

#3 Mr. Tung Siu Ho, Terence resigned as an executive Director and Chief Executive Officer on 1st April 2011.

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

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

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2011: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2011: four) individuals during the year are as follows:

	2012 HK$'000	2011 HK$'000
Basic salaries, other allowances and benefits in kind	**6,231**	5,283
Bonuses	**1,001**	410
Contributions to pension scheme	**161**	160
Share compensation costs on share options granted	**–**	9
	7,393	5,862

The emoluments of the four (2011: four) remaining individuals fell within the following bands:

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

21 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit during the year ended 31st March 2012.

No provision for the PRC enterprise income tax has been made as the Group has unutilised tax losses to offset the assessable profits generated in the PRC during the years ended 31st March 2012 and 2011.

	2012 HK$'000	2011 HK$'000
Hong Kong profits tax		
– Current income tax	**(8,161)**	(6,860)
Deferred income tax *(Note 17)*		
– Current deferred income tax credit	**606**	92
	(7,555)	(6,768)

21 INCOME TAX EXPENSE *(Continued)*

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

	2012 HK$'000	2011 HK$'000
Profit before tax	**40,136**	27,174
Tax calculated at domestic tax rates applicable to profits in the respective countries *(Note)*	**(6,085)**	(3,401)
Income not subject to tax	**91**	55
Expenses not deductible for tax purposes	**(947)**	(655)
Tax losses for which no deferred income tax asset was recognised	**(2,588)**	(3,498)
Temporary differences not recognised	**(136)**	–
Recognition of deferred tax assets arising from previously unrecognised tax loss	**806**	–
Utilisation of previously unrecognised tax losses	**1,304**	731
Tax expense	**(7,555)**	(6,768)

Note: The weighted average applicable tax rate was 15.2% (2011: 12.5%). The increase is caused by the improvement in the profitability of the Group's subsidiaries in the respective countries.

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

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$140,000 (2011: loss of HK$363,000).

23 EARNINGS PER SHARE

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

	2012 HK$'000	2011 HK$'000
Profit attributable to equity holders of the Company	**32,581**	20,406
Number of ordinary shares in issue *(in thousands)*	**400,000**	400,000
Basic earnings per share *(HK cents per share)*	**8.1**	5.1

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

24 DIVIDENDS

Dividends paid during the year:

	2012 HK$'000	2011 HK$'000
Dividend paid relating to the year ended 31st March 2012:		
Interim dividend of HK0.9 cent (2011: HK0.75 cent) per ordinary share	**3,600**	3,000
Dividends paid relating to the year ended 31st March 2011:		
Final dividend of HK2 cents (2010: HK0.5 cent) per ordinary share	**8,000**	2,000
Special dividend of Nil (2010: HK10 cents) per ordinary share	**–**	40,000
	11,600	45,000

The Directors recommended the payment of a final dividend of HK4 cents per share, totalling HK$16,000,000. Such dividend is to be approved by the shareholders at the annual general meeting of the Company on 28th August 2012. Upon approval by the shareholders of the Company, this final dividend will be paid on 14th September 2012 to shareholders whose names appear on the register of members of the Company at the close of the business on 5th September 2012. These consolidated financial statements do not reflect this dividend payable but accounted for it as proposed dividend.

	2012 HK$'000	2011 HK$'000
Interim dividend of HK0.9 cent (2011: HK0.75 cent) per ordinary share	**3,600**	3,000
Proposed final dividend of HK4 cents (2011: HK2 cents) per ordinary share	**16,000**	8,000
	19,600	11,000

25 CASH GENERATED FROM OPERATIONS

	2012 HK$'000	2011 HK$'000
Profit before income tax	**40,136**	27,174
Adjustments for:		
– Depreciation of property, plant and equipment *(Note 6)*	**1,694**	1,921
– Amortisation of intangible assets *(Note 7)*	**100**	44
– Interest income *(Note 5)*	**(889)**	(386)
– Share compensation costs on share options granted *(Note 14)*	**–**	105
– Provision for receivables impairment *(Note 12)*	**95**	31
– Reversal of other receivables impairment *(Note 12)*	**–**	(333)
– Foreign exchange losses on operating activities	**745**	1,014
– Costs related to long service payment scheme *(Note 18)*	**(36)**	1
– Share of loss from associates	**822**	–
Changes in working capital:		
– Decrease in inventories	**1,740**	832
– Increase in trade and other receivables	**(7,408)**	(5,431)
– (Decrease)/increase in amounts due to fellow subsidiaries	**(2,428)**	1,293
– Increase in trade and other payables	**4,402**	6,808
Cash generated from operations	**38,973**	33,073

26 COMMITMENTS

Operating lease commitments

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

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

	Group	
	2012 HK$'000	2011 HK$'000
No later than 1 year	**4,853**	3,724
Later than 1 year and no later than 5 years	**2,036**	4,105
	6,889	7,829

There was no capital or operating lease commitment for the Company as at 31st March 2012 (2011: Nil).

27 BANK FACILITIES

The Group has the following undrawn bank facilities:

	Group	
	2012	2011
	HK$'000	HK$'000
Floating rate		
– expiring within one year	**30,000**	30,000

The facilities expiring within one year are annual facilities subject to review at various dates during 2013.

28 RELATED-PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

(i) During the year ended 31st March 2012, the Group entered into the following transactions with fellow subsidiaries:

	Notes	**2012 HK$'000**	2011 HK$'000
License fee	*a*	**11,648**	10,885
Circulation support services	*b*	**1,169**	1,335
Library support fee	*c*	**208**	227
Administrative support services	*d*	**5,159**	4,705
Leasing of office space, storage space and parking spaces	*e*	**1,680**	1,669
Ticketing and accommodation expenses	*f*	**525**	426
Barter advertising expenses	*g*	**1,052**	1,274
Barter advertising income	*h*	**(1,052)**	(1,274)
Type-setting, colour separation and film making expenses	*i*	**44**	79
Printing costs	*j*	**2,900**	9,804
Promotion expenses	*k*	**10**	10
Pension costs – defined contribution plans	*l*	**1,476**	1,575
Sundry income	*m*	**(781)**	–
Acquisition of the trademark	*n*	**400**	–
Acquisition of an associate	*o*	**25,800**	–

28 RELATED-PARTY TRANSACTIONS *(Continued)*

(i) During the year ended 31st March 2012, the Group entered into the following transactions with fellow subsidiaries: *(Continued)*

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

(m) This represented the rental income in accordance with a sub-lease agreement entered with a related company of controlling party of MCI. It is charged at a pre-determined rate calculated by references to the prevailing market rates.

(n) This represented the consideration paid for the acquisition of trademark from a fellow subsidiary. It was charged on a cost reimbursement basis.

(o) This represented the consideration paid for the acquisition of an associate from a fellow subsidiary at arm's length basis. Further details are set out in Note 9 in page 60.

28 RELATED-PARTY TRANSACTIONS *(Continued)*

(ii) Year end balance arising from the related party transactions as disclosed in Note 28 (i) above is as follows:

	2012 **HK$'000**	2011 HK$'000
Amounts due to fellow subsidiaries	**3,611**	6,039

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

(iii) Key management compensation

	2012 **HK$'000**	2011 HK$'000
Salaries and other short-term employee benefits	**7,406**	6,074
Contributions to pension scheme	**101**	190
Share compensation costs on share options granted	**–**	53
	7,507	6,317

29 SUBSEQUENT EVENTS

On 29th February 2012, Top Plus Limited ("Top Plus"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Ming Pao Holdings Limited for the acquisition of 10 ordinary shares of US$1.00 each, being its 100% direct equity interest in Ming Pao Finance Limited, for a total consideration of HK$75,600,000, which will be satisfied by the issuance of convertible bond by Company (the "Acquisition"). The Acquisition is expected to be completed on or before 5th June 2012. Further details are set out in paragraph headed "Connected transactions" in page 22.

FIVE-YEAR FINANCIAL SUMMARY

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

	For the year ended 31st March				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**224,183**	200,188	181,374	207,941	219,899
Profit attributable to the equity holders of the Company	**32,581**	20,406	5,662	11,397	12,020
Basic earnings per share	**HK8.1 cents**	HK5.1 cents	HK1.42 cents	HK2.85 cents	HK3.01 cents

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

	As at 31st March				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**5,231**	4,376	4,318	7,008	9,545
Intangible assets	**3,181**	2,719	2,591	2,165	2,028
Financial assets at fair value through profit or loss	**—**	—	—	—	4,409
Interests in associates	**25,978**	—	—	—	—
Deferred income tax assets	**807**	51	—	—	—
Current assets	**163,515**	169,056	181,590	182,008	179,987
Current liabilities	**(32,159)**	(32,203)	(21,368)	(23,867)	(34,692)
Net current assets	**131,356**	136,853	160,222	158,141	145,295
Total assets less current liabilities	**166,553**	143,999	167,131	167,314	161,277
Long service payment obligations	**(117)**	(28)	(32)	(649)	(140)
Deferred income tax liabilities	**(150)**	—	(41)	(303)	(525)
Capital and reserves attributable to the equity holders of the Company	**166,286**	143,971	167,058	166,362	160,612

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