



東方報業集團有限公司

ORIENTAL PRESS GROUP LTD

(Stock Code : 18)



2012

INTERIM REPORT

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Ching-fat MA, *BBS*  
*Chairman*

Mr. Ching-choi MA  
*Vice-Chairman*

Mr. Shun-chuen LAM  
*Chief Executive Officer*

#### Non-executive Director

Mr. Dominic LAI

#### Independent Non-executive Directors

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

### EXECUTIVE COMMITTEE

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

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

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

### INVESTMENT COMMITTEE

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

### COMPANY SECRETARY

Ms. Trix Kam-ying NGAN

### SOLICITORS

Iu, Lai & Li, Solicitors

### AUDITORS

HLM & Co.  
*Certified Public Accountants*

### BANKERS

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

### REGISTERED OFFICE

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

### SHARE REGISTRAR AND TRANSFER OFFICE

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

### STOCK CODE

The Stock Exchange of Hong Kong Limited 18

### CONTACT INFORMATION

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The Directors of Oriental Press Group Limited (the “Company”) announce that the unaudited consolidated results for the six months ended 30 September 2012 of the Company and its subsidiaries (collectively known as the “Group”), together with the comparative figures for the corresponding period of the previous year, are as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	<i>Note</i>	Six months ended	
		<b>30.9.2012 (Unaudited) HK\$'000</b>	30.9.2011 (Unaudited) HK\$'000
<b>Revenue</b>		<b>735,391</b>	781,734
Other income		<b>41,478</b>	23,969
Raw materials and consumables used		<b>(230,931)</b>	(261,370)
Staff costs including directors' emoluments		<b>(343,125)</b>	(325,328)
Depreciation		<b>(30,210)</b>	(28,357)
Other operating expenses		<b>(94,988)</b>	(116,490)
Net surplus on revaluation of property, plant and equipment		<b>4,860</b>	4,560
Net gain on disposal of property, plant and equipment		<b>77</b>	130
<b>Profit from operations</b>		<b>82,552</b>	78,848
Finance costs		<b>(282)</b>	(480)
<b>Profit before income tax</b>		<b>82,270</b>	78,368
Income tax expense	5	<b>(14,013)</b>	(10,961)
<b>Profit for the period</b>		<b>68,257</b>	67,407

		<b>Six months ended</b>	
		<b>30.9.2012</b>	30.9.2011
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	HK\$'000
<b>Note</b>			
	<b>Other comprehensive income/(expense)</b>		
	– Exchange gain/(loss) on translation of financial statements of foreign operations	<b>229</b>	(240)
	<b>Other comprehensive income/(expense) for the period</b>	<b>229</b>	(240)
	<b>Total comprehensive income for the period</b>	<b>68,486</b>	67,167
	<b>Profit for the period attributable to:</b>		
	Equity holders of the Company	<b>67,044</b>	67,586
	Non-controlling interests	<b>1,213</b>	(179)
		<b>68,257</b>	67,407
	<b>Total comprehensive income attributable to:</b>		
	Equity holders of the Company	<b>67,253</b>	67,398
	Non-controlling interests	<b>1,233</b>	(231)
		<b>68,486</b>	67,167
	<b>Earnings per share for profit attributable to equity holders of the Company during the period</b>		
	– <b>Basic</b>	<b>HK2.8 cents</b>	HK2.82 cents
	– <b>Diluted</b>	<b>N/A</b>	N/A

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2012**

	<i>Notes</i>	<b>30.9.2012 (Unaudited) HK\$'000</b>	31.3.2012 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>801,661</b>	801,863
Leasehold land		<b>27,178</b>	27,572
Investment properties	9	<b>246,588</b>	202,079
Available-for-sale financial asset		<b>4,745</b>	4,745
Deferred tax assets		<b>46,443</b>	48,121
		<b>1,126,615</b>	1,084,380
<b>Current assets</b>			
Inventories		<b>132,344</b>	149,935
Trade receivables	10	<b>244,976</b>	232,584
Other debtors, deposits and prepayments		<b>20,544</b>	33,234
Taxation recoverable		<b>28,068</b>	24,639
Cash and cash equivalents		<b>1,632,999</b>	1,629,615
		<b>2,058,931</b>	2,070,007
<b>Current liabilities</b>			
Trade payables	11	<b>50,565</b>	54,732
Other creditors, accruals and deposits received		<b>154,008</b>	126,322
Taxation payable		<b>18,326</b>	3,452
Borrowings	12	<b>8,785</b>	9,628
		<b>231,684</b>	194,134

		<b>30.9.2012</b>	31.3.2012
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
<b>Net current assets</b>		<b>1,827,247</b>	1,875,873
<b>Total assets less current liabilities</b>		<b>2,953,862</b>	2,960,253
<b>Non-current liabilities</b>			
Borrowings	12	<b>434</b>	798
Deferred tax liabilities		<b>79,938</b>	82,514
		<b>80,372</b>	83,312
<b>Net assets</b>		<b>2,873,490</b>	2,876,941
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	13	<b>599,479</b>	599,479
Reserves		<b>2,271,777</b>	2,276,461
		<b>2,871,256</b>	2,875,940
<b>Non-controlling interests</b>		<b>2,234</b>	1,001
<b>Total equity</b>		<b>2,873,490</b>	2,876,941



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Exchange reserve	Properties revaluation reserve	Retained profits	Proposed dividend	Total	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Note)	(Note)	(Note)	(Note)	(Note)			
At 1 April 2011	599,479	814,485	28,999	9,700	1,567,429	263,771	3,283,863	1,816	3,285,679
Dividends paid	—	—	—	—	—	(263,771)	(263,771)	—	(263,771)
Interim dividend proposed	—	—	—	—	(47,958)	47,958	—	—	—
Special dividend proposed	—	—	—	—	(215,813)	215,813	—	—	—
Dividends proposed	—	—	—	—	(263,771)	263,771	—	—	—
Transactions with equity holders	—	—	—	—	(263,771)	—	(263,771)	—	(263,771)
Profit for the period	—	—	—	—	67,586	—	67,586	(179)	67,407
Other comprehensive expense									
— Exchange loss on translation of financial statements of foreign operations	—	—	(188)	—	—	—	(188)	(52)	(240)
Total comprehensive income for the period	—	—	(188)	—	67,586	—	67,398	(231)	67,167
At 30 September 2011 (Unaudited)	<u>599,479</u>	<u>814,485</u>	<u>28,811</u>	<u>9,700</u>	<u>1,371,244</u>	<u>263,771</u>	<u>3,087,490</u>	<u>1,585</u>	<u>3,089,075</u>
At 1 April 2012	599,479	814,485	29,149	9,700	1,351,190	71,937	2,875,940	1,001	2,876,941
Dividends paid	—	—	—	—	—	(71,937)	(71,937)	—	(71,937)
Interim dividend proposed	—	—	—	—	(47,958)	47,958	—	—	—
Special dividend proposed	—	—	—	—	(47,958)	47,958	—	—	—
Dividends proposed	—	—	—	—	(95,916)	95,916	—	—	—
Transactions with equity holders	—	—	—	—	(95,916)	23,979	(71,937)	—	(71,937)
Profit for the period	—	—	—	—	67,044	—	67,044	1,213	68,257
Other comprehensive income									
— Exchange gain on translation of financial statements of foreign operations	—	—	209	—	—	—	209	20	229
Total comprehensive income for the period	—	—	209	—	67,044	—	67,253	1,233	68,486
At 30 September 2012 (Unaudited)	<u>599,479</u>	<u>814,485</u>	<u>29,358</u>	<u>9,700</u>	<u>1,322,318</u>	<u>95,916</u>	<u>2,871,256</u>	<u>2,234</u>	<u>2,873,490</u>

Note: These reserve accounts comprise the consolidated reserves of HK\$2,271,777,000 (31 March 2012: HK\$2,276,461,000) in the condensed consolidated statement of financial position of the Group.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012**

	<b>Six months ended</b>	
	<b>30.9.2012</b>	30.9.2011
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash generated from operating activities	<b>136,174</b>	66,933
Net cash used in investing activities	<b>(59,306)</b>	(30)
Net cash used in financing activities	<b>(73,389)</b>	(264,405)
	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	<b>3,479</b>	(197,502)
Cash and cash equivalents at beginning of the period	<b>1,629,615</b>	1,963,031
Effect of changes in foreign exchange rate	<b>(95)</b>	3,244
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<b>1,632,999</b>	1,768,773
	<hr/> <hr/>	<hr/> <hr/>





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

### 1. BASIS OF PREPARATION

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

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2012.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are unaudited, condensed and have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 March 2012, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRS"), HKASs and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs"), which have become effective for accounting periods beginning on or after 1 April 2012, that are adopted for the first time for the current period's financial statements:

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Asset

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. Accordingly, no prior period adjustments have been required.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

HKFRSs	Annual Improvement 2009 — 2011 Cycle <sup>2</sup>
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>1</sup>
HKFRS 1 (Amendments)	Government loans <sup>2</sup>
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>4</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
HKAS 32 (Amendments)	Presentation — Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>2</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>2</sup>
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2015

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company did not use any critical accounting estimates and judgements in the preparation of the financial statements. Estimates and judgements, if used, are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## 4. SEGMENT INFORMATION

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



#### 4. SEGMENT INFORMATION (Continued)

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

	Six months ended					
	Publication of newspapers		All other segments		Total	
	30.9.2012 (Unaudited) HK\$'000	30.9.2011 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000	30.9.2011 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000	30.9.2011 (Unaudited) HK\$'000
Reportable segment revenue from external customers	<b>723,135</b>	769,329	<b>12,256</b>	12,405	<b>735,391</b>	781,734
Reportable segment profit/(loss)	<b>70,535</b>	98,215	<b>(5,881)</b>	(2,541)	<b>64,654</b>	95,674
Unallocated corporate income					<b>35,868</b>	17,071
Unallocated corporate expenses					<b>(18,252)</b>	(34,377)
Profit before income tax					<b>82,270</b>	78,368
<b>Other information</b>						
Interest expenses	<b>(115)</b>	(307)	<b>(167)</b>	(173)	<b>(282)</b>	(480)
Depreciation and amortisation	<b>(30,134)</b>	(28,005)	<b>(470)</b>	(745)	<b>(30,604)</b>	(28,750)
Net surplus on revaluation of property, plant and equipment	<b>4,860</b>	4,560	—	—	<b>4,860</b>	4,560
Additions to non-current assets during the period (excluding deferred tax assets)	<b>25,153</b>	8,011	<b>43,825</b>	1,123	<b>68,978</b>	9,134

#### 4. SEGMENT INFORMATION (Continued)

##### Reportable segment assets and liabilities

	Publication of newspapers		All other segments		Unallocated		Total	
	30.9.2012 (Unaudited) HK\$'000	31.3.2012 (Audited) HK\$'000	30.9.2012 (Unaudited) HK\$'000	31.3.2012 (Audited) HK\$'000	30.9.2012 (Unaudited) HK\$'000	31.3.2012 (Audited) HK\$'000	30.9.2012 (Unaudited) HK\$'000	31.3.2012 (Audited) HK\$'000
<b>ASSETS</b>								
Segment assets	1,270,325	1,281,718	277,477	238,309	–	–	1,547,802	1,520,027
Available-for-sale financial asset	–	–	–	–	4,745	4,745	4,745	4,745
Cash and cash equivalents	–	–	–	–	1,632,999	1,629,615	1,632,999	1,629,615
<b>Consolidated total assets</b>	<b>1,270,325</b>	<b>1,281,718</b>	<b>277,477</b>	<b>238,309</b>	<b>1,637,744</b>	<b>1,634,360</b>	<b>3,185,546</b>	<b>3,154,387</b>
<b>LIABILITIES</b>								
Segment liabilities	296,016	264,632	16,040	12,814	–	–	312,056	277,446

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

	Revenue from external customers		Non-current assets	
	30.9.2012 (Unaudited) HK\$'000	30.9.2011 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000	31.3.2012 (Audited) HK\$'000
Hong Kong (country of domicile)	728,180	774,121	825,499	825,647
Australia	7,211	7,613	249,928	205,867
	<b>735,391</b>	<b>781,734</b>	<b>1,075,427</b>	<b>1,031,514</b>

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



#### 4. SEGMENT INFORMATION (Continued)

During the period, HK\$254,672,000 (six months ended 30 September 2011: HK\$265,599,000) out of the Group's revenue of HK\$735,391,000 (six months ended 30 September 2011: HK\$781,734,000) was contributed by two (six months ended 30 September 2011: two) customers. No other single customer contributed 10% or more to the Group's revenue for both period in 2012 and 2011.

#### 5. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2011: 16.5%) of the estimated assessable profit for the period.

	Six months ended	
	30.9.2012 (Unaudited) HK\$'000	30.9.2011 (Unaudited) HK\$'000
Hong Kong Profits tax:		
Current period	14,874	15,281
Deferred taxation:		
Current period	(861)	(4,320)
	<u>14,013</u>	<u>10,961</u>

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

#### 6. DIVIDENDS

On 23 November 2012, the Directors have resolved to pay interim dividend of HK2 cents (six months ended 30 September 2011: HK2 cents) per share and special dividend of HK2 cents (six months ended 30 September 2011: HK9 cents) per share to shareholders of the Company whose names appear in the Register of Members on 12 December 2012.

#### 7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of approximately HK\$67,044,000 (six months ended 30 September 2011: HK\$67,586,000) and on 2,397,917,898 (six months ended 30 September 2011: 2,397,917,898) ordinary shares in issue during the period.

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

## 8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired plant and equipment of approximately HK\$25,157,000. Property, plant and equipment with carrying amount of HK\$14,000 were disposed of during the period.

At 30 September 2012, the carrying amounts of the Group's buildings were stated at fair value, which was determined by the Directors with reference to the estimated market value.

## 9. INVESTMENT PROPERTIES

During the period, the addition of investment property is approximately HK\$43,821,000. No disposal of investments properties were made during the period.

At 30 September 2012, the carrying amounts of the Group's investment properties were stated at fair value, which was determined by the Directors with reference to the estimated market value.

## 10. TRADE RECEIVABLES

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

The following is an aging analysis of trade receivables after deducting the provision for impairment loss at the date of statement of financial position:

	<b>30.9.2012</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2012 (Audited) HK\$'000
0 – 60 days	<b>120,477</b>	96,860
61 – 90 days	<b>50,084</b>	41,494
Over 90 days	<b>74,415</b>	94,230
	<b>244,976</b>	232,584



## 11. TRADE PAYABLES

The following is an aging analysis of trade payables at the date of the statement of financial position:

	<b>30.9.2012</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2012 (Audited) HK\$'000
0 – 60 days	<b>45,102</b>	52,366
61 – 90 days	<b>1,375</b>	369
Over 90 days	<b>4,088</b>	1,997
	<hr/> <b>50,565</b> <hr/>	<hr/> 54,732 <hr/>

## 12. BORROWINGS

	<b>30.9.2012</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2012 (Audited) HK\$'000
Borrowings wholly repayable within five years:		
– Other loan	<b>8,087</b>	8,468
– Obligations under finance leases	<b>1,132</b>	1,958
	<hr/> <b>9,219</b> <hr/>	<hr/> 10,426 <hr/>
Less: Current portion due within one year included under current liabilities		
– Other loan	<b>8,087</b>	8,468
– Obligations under finance leases	<b>698</b>	1,160
	<hr/> <b>8,785</b> <hr/>	<hr/> 9,628 <hr/>
Non-current portion included under non-current liabilities		
– Obligations under finance leases	<b>434</b>	798
	<hr/> <b>434</b> <hr/>	<hr/> 798 <hr/>

**12. BORROWINGS** (Continued)

At 30 September 2012 and 31 March 2012, other loan which denominated in Australian Dollars, which was made by a minority shareholder of a subsidiary of the Company. It was unsecured, interest bearing at 4% per annum and repayable on demand.

The carrying amounts of borrowings approximate their fair value.

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

	Minimum lease payments		Present value of Minimum lease payments	
	30.9.2012 (Unaudited) HK\$'000	31.3.2012 (Audited) HK\$'000	30.9.2012 (Unaudited) HK\$'000	31.3.2012 (Audited) HK\$'000
Obligation under finance leases:				
Due within one year	826	1,356	698	1,160
Due in the second to fifth years	495	905	434	798
	<u>1,321</u>	<u>2,261</u>	<u>1,132</u>	<u>1,958</u>
Less: Future finance charges on finance lease	(189)	(303)		
Present value of lease obligations	<u>1,132</u>	<u>1,958</u>		
Less: Amount due for settlement within one year included under current liabilities			(698)	(1,160)
Amount due for settlement in the second to fifth years included under non-current liabilities			<u>434</u>	<u>798</u>

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

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





### 13. SHARE CAPITAL

	<b>30.9.2012</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2012 (Audited) HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.25 each	<u><u>1,250,000</u></u>	<u><u>1,250,000</u></u>
Issued and fully paid:		
2,397,917,898 ordinary shares of HK\$0.25 each	<u><u>599,479</u></u>	<u><u>599,479</u></u>

### 14. OPERATING LEASE COMMITMENTS

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

	<b>30.9.2012</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2012 (Audited) HK\$'000
Within one year	<u>3,342</u>	<u>2,256</u>
In the second to fifth years	<u>1,075</u>	<u>2,473</u>
	<u><u>4,417</u></u>	<u><u>4,729</u></u>

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

**15. OPERATING LEASE ARRANGEMENTS**

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

	<b>30.9.2012</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2012 (Audited) HK\$'000
Within one year	<b>6,435</b>	4,409
In the second to fifth years	<b>4,084</b>	5,170
	<b>10,519</b>	9,579

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

**16. RELATED PARTY TRANSACTIONS**

The Group paid legal fees amounting to approximately HK\$1,152,290 (six months ended 30 September 2011: HK\$2,660,935) to Messrs. Lu, Lai & Li. Mr. Dominic LAI, a non-executive Director of the Company, is a senior partner of Messrs. Lu, Lai & Li during the period. The transaction prices were considered by the Directors as estimated market value.

**17. CAPITAL COMMITMENTS**

	<b>30.9.2012</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2012 (Audited) HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and refurbishment to investment properties, contracted but not provided for in the financial statements	<b>1,559</b>	5,473

At 30 September 2012 and 31 March 2012 the Company did not have any significant capital commitments.



**18. OUTSTANDING LITIGATIONS**

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

**19. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS**

These interim financial statements were approved by the Board of Directors on 23 November 2012.

**20. CONTINGENT LIABILITIES**

The Company has executed guarantees amounting to approximately HK\$66,400,000 (31 March 2012: HK\$131,000,000) with respect to banking facilities granted to subsidiaries. Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the loan. At the date of statement of financial position, the guarantees were utilized to the extent of approximately HK\$24,480,000 (31 March 2012: HK\$22,228,000). No provision for the Company's obligation under the guarantee contract has been made as the Directors considered that it was not probable that the repayment of the loan would be in default.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

For the six months ended 30 September 2012, the Group's unaudited consolidated profit attributable to shareholders of the Company amounted to HK\$67,044,000.

### DIVIDEND

Since the Group has already had sufficient cash reserve to meet requirement in case there is suitable investment opportunity, the directors of the Company (the "Directors") have resolved to declare an interim dividend of HK2 cents (six months ended 30 September 2011: HK2 cents) per share and a special dividend of HK2 cents (six months ended 30 September 2011: HK9 cents) per share, payable to the shareholders whose names appear on the Register of Members on 12 December 2012. The interim and special dividends will be payable on or around 20 December 2012.

### CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 10 December 2012 to 12 December 2012, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim and special dividends, all transfers accompanied with the relevant share certificates must be deposited at the Company's share registrar, Tricor Friendly Limited, whose address is 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 7 December 2012.

### BUSINESS REVIEW

"**Oriental Daily News**" has continued to be the best-selling and most widely read newspaper in Hong Kong for the last 36 consecutive years, and is truly "The Paper for Hong Kong". According to the research of one of the four largest international marketing research companies in Hong Kong, Oracle Added Value, the readership of "Oriental Daily News" hit a record high of 3,732,156 in October 2011 which was an 8.5% that is, 291,884, readers increment compared to the readership research reports in March 2010. "Oriental Daily News" is recognised as a truly professional newspaper for its unparalleled fast, accurate and detailed news coverage. During the highly competitive Legislative Council election held in September this year, "Oriental Daily News" received unanimous praise for providing a comprehensive analysis of the candidates' political platforms and the overall situation. During the period, the Group allocated additional resources to upgrade the equipment of news agency and enhance special follow-up reports. In August this year, "Oriental Daily News" further revamped its layout and introduced innovative concepts of fine arts, creating a layered style and trendy feel.



**“The Sun”** is holding fast as the third best-selling Chinese newspaper in Hong Kong for 13 consecutive years. According to the research of one of the four largest international marketing research companies in Hong Kong, Oracle Added Value, the readership of “The Sun” has hit 1,634,500 in October 2011 which was a 26.1% that is, 338,587 readers, increment compared with the results in March 2010. Mainly targeted at young readers, “The Sun” presents highlights of news reports in a simple way. The newly launched “Sun Microblog”, which satirizes social ills in a relaxed and humorous way, has quickly become popular with young readers. In August this year, “The Sun” revamped its layout and takes on a fresh and dynamic look. During the period, “The Sun” hosted the first “Elite Brand Awards”, where outstanding brands of different categories were elected through online voting by the public and rating by professionals of the advertising industry. The event attracted active participation by advertisers and extensive interest from the public, promoting the position and awareness of “The Sun” in the advertising market.

**“on.cc”**, the flagship online portal of the Group, capitalises on its mobile phone applications to keep close track of the pulse of current affairs. “on.cc” provides updates including reports of the Group’s two newspapers, real-time news and TV news, enabling readers to access prompt and accurate news by using their computers, smart phones or tablet PCs anywhere. Immediately following the occurrence of the Lamma Island ferry collision on 1 October this year, “on.cc” was the first to report the accident in real-time news. As a large number of netizens visited the website through various mobile platforms, the page views of “on.cc” were driven to a record high of 2.5 million instantly. “on.cc” has also been diversifying its contents in order to cater for the moods of the new generation of readers assessing information. According to a report published in February 2012 by comScore Media Metrix, an international market research company, “on.cc” is the news portal with the highest page views in Hong Kong, recording 3.69 million monthly non-repetitive visitors. In addition, “on.cc” provides advertisers of our two newspapers with customised promotion strategies for marketing through mobile platforms, thereby extending their market promotion period and capitalising on the synergy between our website and newspapers to obtain better results.

**“Money 18”** updates its website and smart phone applications constantly to keep abreast of the ever changing mobile technologies. It has successfully attracted sponsorship from securities dealers and major financial institutions as well as increasing its page views. “Money 18” provides real-time investment columns including warrants, selected callable bull/bear contracts and indicative exchange rates.

**“ontv”** is a leader in the development of electronic media in Hong Kong providing a wide variety of contents, and its video editing techniques are being imitated by various news applications for mobile phones. “ontv” has now become a key provider of mobile TV promotion for the new generation of advertisers.

During the period, the Group recorded a decline in its advertising income amid the weak global economy, resulting in lower-than-expected results. The Group is taking positive measures to explore new income sources and reduce expenditure by controlling costs, improving the quality of news coverage and increasing contents of our two newspapers, with a view to consolidating sales and readership. In addition, the Group has established an advertising video production team, which applies flexible filming techniques to produce promotional commercials for advertisers. These commercials released at the website, complementing the graphic advertisements published in the two newspapers of the Group, are very popular with advertisers. During the period under review, “FLASHon” and “LUXE life”, which are free publications distributed with our newspapers, have been successful and is receiving support from luxury brands, bringing additional advertising income to the Group.

## **BUSINESS OUTLOOK**

The Group is not positive on the outlook of the global economy. There have been no signs of improvement in the economy since the United States introduced the third round of quantitative easing earlier this year. On the contrary, the risk of inflation increases, and the operating expenses of the Group have been climbing as a result. However, as the printing costs begin to take a downward trend, the Group believes that the increase of costs may be mitigated.

The research of Oracle Added Value in October 2011 indicated that the readership of our two newspapers has been on a continuous upward trend. The readership of “Oriental Daily News” and “The Sun” was high at 3,732,156 and 1,634,500 respectively, accounting for 56% and 24% respectively in the market of paid newspapers, with an aggregate market share of 80%. In addition, given the subscription for our two newspapers in the Mainland, combined with a surge of Mainland visitors to Hong Kong, our two newspapers are better positioned than other newspapers to attract advertisers. Therefore, the Group has decided to launch a weekly paperzine — “Good News” in late November this year, which will focus on news of entertainment and celebrities, supplemented by various contents such as fashion, recreation and beauty. The paperzine will be distributed with “The Sun” each Friday, and also be given out separately free of charge. The Group is confident in the market positioning of “Good News” and believes that it will have a place in the advertising markets of entertainment magazines and free newspapers, contributing to the earnings of the Group in the near future.

“on.cc” is researching and developing a website for “FLASHon”, which will publish the contents of “FLASHon” in videos. Readers may also watch the videos by scanning the QR codes on the magazine using their mobile phones or through Apps. The resulting multi-channel synergy will help the magazine to draw interests of international brands in website TV commercials. In addition, “on.cc” will continue to apply mainstream Internet technologies to improve its website and keep track of the development of new media including computer, tablet PC and mobile phone, enabling more netizens to browse news provided by the Group through different mobile platforms. “on.cc” will also keep researching for new Internet advertising methods and technologies, with a view to developing more new models for online promotion.



## **FINANCIAL RESOURCES AND LIQUIDITY**

The Group always maintains a strong liquidity. The working capital at 30 September 2012 amounted to HK\$1,827,247,000 (31 March 2012: HK\$1,875,873,000), which includes time deposits, bank balances and cash amounting to HK\$1,632,999,000 (31 March 2012: HK\$1,629,615,000).

At 30 September 2012, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.3% (31 March 2012: 0.4%).

During the period, the Group's capital expenditure was approximately HK\$68,978,000.

## **EMPLOYEES**

At 30 September 2012, the Group employed 2,159 employees. Remuneration for employees including medical benefits is determined based on industry practice, performance and working experience of the employees, and the current market conditions. The Group has implemented a training scheme to nurture a new generation of journalists.

## **EXPOSURE TO FOREIGN EXCHANGE**

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

## **CORPORATE GOVERNANCE**

The Audit Committee of the Company comprises two independent non-executive Directors and one non-executive Director. The Committee has reviewed the unaudited interim financial statements for the six months ended 30 September 2012 and has no disagreement with the accounting treatment adopted.

The Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2012 except as stated and explained below. The Company has adopted most of the recommended best practices stated therein.

Code provision A.6.7 requires that independent non-executive Directors and other non-executive Directors should attend general meetings. All non-executive Directors (including independent non-executive Directors) attended the annual general meeting (the “AGM”) of the Company held on 1 August 2012 other than one independent non-executive Director could not attend the AGM due to other commitment.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Following specific enquiries by the Company, all Directors have confirmed that they have achieved full compliance with the required standards as laid down in the Model Code for the six months ended 30 September 2012.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

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





## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

The interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required: (a) to be recorded in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as at 30 September 2012 were as follows:

### Interests in the Company

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

Note:

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

Other than the holdings disclosed above, no interests or short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein as at 30 September 2012.

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

So far as was known to the Directors and chief executive of the Company, the interests and short positions of any persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO as at 30 September 2012 were as follows:

### Interests in the Company

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



*Note:*

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

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

Save as disclosed above, no other party had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO as at 30 September 2012.

On behalf of the Board  
**Ching-fat MA**  
*Chairman*

Hong Kong, 23 November 2012