



東方報業集團有限公司

ORIENTAL PRESS GROUP LTD

(Stock Code : 18)



2013
ANNUAL REPORT

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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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Ching-fat MA, *BBS* (*Chairman*)
Mr. Yau-nam CHAM
Mr. Ping-wing PAO, *JP*

COMPANY SECRETARY

Ms. Trix Kam-ying NGAN

SOLICITORS

Iu, Lai & Li, Solicitors

AUDITOR

HLM CPA Limited
Certified Public Accountants

BANKERS

Hang Seng Bank
Industrial and
Commercial Bank of China (Asia)
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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Operation Statement

RESULTS

For the year ended 31 March 2013, the audited consolidated profit attributable to equity holders of the Company amounted to HK\$182,910,000.

DIVIDENDS

Since the Group has sufficient cash reserve to meet requirement in case there is suitable investment opportunity, the directors of the Company (the “Directors”) recommend a final dividend of HK2 cents (2012: HK2 cents) per share and a special dividend of HK1 cent (2012: HK1 cent) per share for the year ended 31 March 2013, payable to the shareholders whose names appear on the Register of Members of the Company on 13 August 2013. Together with the paid interim dividend of HK2 cents (2012: HK2 cents) per share and a special dividend of HK2 cents (2012: HK9 cents) per share, the dividends for the year amounts to HK7 cents (2012: HK14 cents) per share. The proposed final dividend and special dividend will be payable on or around 26 August 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 6 August 2013 to 7 August 2013 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the Annual General Meeting (“AGM”) of the Company to be held on 7 August 2013 and voting in the meeting, all transfers accompanied with the relevant share certificates must be deposited with the Company’s share registrar, Tricor Friendly Limited, whose address is at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong, for registration no later than 4:00 p.m. on 5 August 2013.

Subject to shareholders’ approval at the AGM, the proposed final dividend and special dividend will be distributed to the shareholders whose names appear on the Register of Members of the Company on 13 August 2013. The Register of Members of the Company will be closed on 13 August 2013. In order to qualify for payment of the recommended final dividend and special dividend, all transfers accompanied with the relevant share certificates must be deposited with the Company’s share registrar, Tricor Friendly Limited, whose address is at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong, for registration no later than 4:00 p.m. on 12 August 2013.

BUSINESS REVIEW

“**Oriental Daily News**” has continued to be the best-selling and most widely read newspaper in Hong Kong for the last 37 consecutive years, and is truly “The Paper for Hong Kong”. During the year, “Oriental Daily News” continued to focus on in-depth coverage and quality, and has not only been successful in maintaining its leading position in breaking news, but has presented a number of high quality and well received exclusive reports. Every column of the newspaper is designed and written professionally to present rich contents. In pursuit of its mission to monitor the government, “Oriental Daily News” stands up to the powerful and the authority, and pleads for the people and down trodden. Therefore, it is well received and has become a major avenue for the public to voice against unfairness in society. “Oriental

Operation Statement

Daily News” has further improved its three-dimensional layout to present the print newspaper in a layered design. Owing to its outstanding reputation and strengths, “Oriental Daily News” has been embracing the support of readers and advertisers for decades.

“**The Sun**” is holding fast as the third best-selling Chinese newspaper in Hong Kong for the last 14 consecutive years. In pursuit of constant improvement, “The Sun” brings forth highlights in news to cater for the fast reading habit of young readers. During the year under review, “The Sun” introduced a number of diversified and interesting new columns, while its supplement “Sunlife” featured a new theme every day, appealing to young readers. At the beginning of the year, “The Sun” adopted a new masthead design and a concise layout, taking on a fresh new look. With its dynamic image, “The Sun” has attracted many advertisers targeting at young consumers, which in turn adds vigour to the newspaper.

“**Good News**”, launched on an experimental basis in November 2012 to test market response, is now distributed with “The Sun” each Friday and also given out separately in downtown areas free of charge. “Good News” provides a variety of contents including sensational cover stories, truth-seeking news coverage and exclusive interviews of celebrities and artists, supplemented by fashion, recreation, beauty, food and international entertainment, featuring numerous selling points. Since its launch, “Good News” has been well received and successful in attracting advertisements from magazines and free newspapers, contributing to the earnings of the Group. In light of the better-than-expected performance of “Good News”, the Group plans to increase its investment in this paperzine, and will conduct a comprehensive review on its form of distribution in the second stage, with a view to making “Good News” an exclusive entertainment paperzine for young readers in Hong Kong.

“**on.cc**” is the flagship online portal of the Group. According to a summary analysis of Hong Kong 2012/2013 annual reports by comScore Media Metrix, an international market research company, “on.cc” continues to record the largest number of visitors and become the news portal of the highest page views in Hong Kong, with up to 3.6 million monthly non-repetitive visitors and more than 2.5 million downloads of mobile applications. The news provided by “on.cc” has been the search target of major search engines including Google, Baidu and Yahoo!. Amidst intense competition among search engines and browsers, “on.cc” continues to improve its infrastructure and webpage monitoring programmes to maintain its leading position. As smart phones have been the focus of new media and changed the reading habit of netizens, “on.cc” keeps up with the trend by updating its computer software and hardware constantly, enabling netizens and mobile users to have easy access to the Group’s two newspapers, real-time news and TV news. During the year under review, “on.cc” succeeded in developing iPhone applications that provide breaking news and push notifications of football scores, enabling its readers to keep track of the latest developments, and it was well demonstrated with the breaking news on the hot air balloon crash in Egypt in early March this year. In addition, this push notification service enables advertisers to disseminate product information to consumers faster and more effectively. In April this year, “orientaldaily.on.cc” was granted the Gold Award of Web Accessibility Recognition Scheme by the Office of the Government Chief Information Officer in recognition of the initiative of our website to address the need of people with visual and hearing impairment for news and information. This shows that “on.cc” has been recognised for its efforts to promote social inclusion.



Operation Statement

“**Money 18**” is highly popular among investors for its Real-time Quote. Its 24-hour financial news enables investors to gain an insight into the impact of monetary and financial policies of different countries on economy and industries, helping them to deploy their investment strategies. In October last year, “Money 18” launched a special edition on the Employee Choice Arrangement of MPF, providing readers with information on alternative investments through detailed analyses of the MPF market.

“**ontv**” has been renovating its interface and applications constantly to enable readers to watch news videos smoothly on computer browsers, mobile phones and tablet PCs. In addition to commercials and sponsored programmes, “ontv” also delivers daily weather forecast cartoons to attract the new generation of netizens.

“**FLASHon**”, the first free fashion weekly in Hong Kong, covers fashion, beauty and makeup, lifestyle, art and culture. Distributed with “Oriental Daily News” in certain high-end residential and commercial areas each Thursday, “FLASHon” brings a taste of fashion to Hong Kong newspapers, and is well received by fashion experts, professions and the middle class. In addition to the printed magazine, “FLASHon” has also launched its websites “flashon.com” and “FLASHonTV”, which present printed contents in the form of video to offer more fascinating and dynamic reading experience to the readers. During the year, “FLASHon” has become the advertising media and a partner of a number of renowned international brands.

On our overseas investments, each of the Group’s rental properties overseas has recorded satisfactory return, and has been generating steady rental income for the Group.

The overall performance of the Group for the year was below expectation as a result of the impact of external economic factors on advertising income. However, benefitting from the subscription of “Oriental Daily News” and “The Sun” in the Mainland, we were able to secure increased advertisements from jewellery, watch and brand garment advertisers during the year, and the revenue from websites also showed satisfactory growth. In light of the weakness in the consumer market, the Group has adopted a prudent business investment strategy. On the one hand, we have launched “Good News” to take up advertising market share of entertainment magazines and free newspapers. On the other hand, we have made substantial efforts to develop website business to attract online advertisements and complement newspaper advertisements, which has increased the advertising income of the Group. Meanwhile, the Group also implemented a policy of reducing expenditure and streamlining its human resources. The cost of sales of the Group has decreased in the year under review on the back of a gradual drop and stabilisation of printing costs. The Group’s policy of exploring new income sources and reducing expenditure has shown positive impact on the whole.

BUSINESS OUTLOOK

“Oriental Daily News” and “The Sun” have been enjoying large readership at all times. The Group will continue to invest resources in enhancing the contents of its newspapers, employing additional talents and improving its production facilities, to increase its advertising income. The Group has raised the retail price of its two newspapers to HK\$7 in April this year, without compromising sales. It is expected that the increase in revenue from distribution in the coming year will contribute to the growth of its earnings.

Operation Statement

Given the rapid development of technologies, “on.cc” will continue to research and develop new technologies to meet the needs of readers and advertisers. Following the introduction of QR codes to the newspaper last year to enable readers to watch clips by scanning the codes using mobile phone Apps, “on.cc” will soon launch an Augmented Reality Application, which will allow readers to extend reading by capturing pictures in the newspaper using their mobile phones, or watching commercials or downloading and installing advertising mobile Apps directly. Augmented Reality Apps, which break through the limits of printed advertisement and enable consumers to experience the virtual reality of products, are expected to set a new trend for product promotion by advertisers. In respect of contents, the Group will work with suitable partners to expand its global influence in response to the ever increasing demand of Chinese people worldwide for contents.

In an effort to develop website technologies and improve the functionality of our website, the Group has established a Technology Development Department and employed overseas professionals to research and develop new technologies. In doing so, the Group aims to create a new technical development platform of the website and mobile Apps, and explore business opportunities with partners from various sectors to increase the revenue of the Group. We believe that the website will become one of the major income sources of the Group in the future, and it can be separated from the traditional print media and form an independently operated electronic media.

In the year ahead, Hong Kong economy is expected to remain dampened by the European debt crisis which, coupled with China’s statement of intention not to adopt further monetary easing policy, will have an impact on investor sentiment and consumers’ willingness to spend. As a result, advertisers may further reduce their advertising budgets, which in turn may limit the growth of advertising income of the Group. However, the free newspaper market has been saturated, and paid newspapers remain the preferred choice of readers with high consumption power and quality customers. The Group’s two newspapers will continue to maintain their leading market positions by providing extensive and elaborate contents. The Group is cautiously optimistic about its performance in the next financial year. The Group will continue to explore other suitable investment projects such as hotels and properties, with a view to diversifying its business to increase the value to its shareholders.

On behalf of the Board

Ching-fat MA
Chairman

Hong Kong, 21 June 2013



Directors' Report

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2013 and the state of affairs of the Group and the Company as at that date are set out in the financial statements on pages 28 to 90.

The Directors recommend a final dividend of HK2 cents per share and a special dividend of HK1 cent per share payable to the shareholders, whose names appear on the Register of Members of the Company on 13 August 2013, which is expected to amount to HK\$71,938,000 in aggregate.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital as at 31 March 2013 amounted to HK\$1,819,528,000 (2012: HK\$1,875,873,000), which includes time deposits, bank balances and cash amounting to HK\$1,601,803,000 (2012: HK\$1,629,615,000).

As at 31 March 2013, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.4% (2012: 0.4%).

During the year, the Group's capital expenditure was approximately HK\$84,190,000.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the authorized and issued share capital of the Company are set out in Note 28 to the Financial Statements.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 35 and note 29 to the financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves including the proposed dividends of the Company as at 31 March 2013 calculated under section 79B of the Companies Ordinance amounted to HK\$1,062,124,000.

Directors' Report

CONTINGENT LIABILITY

As at 31 March 2013, the Group had no material contingent liability.

EXPOSURE TO FOREIGN EXCHANGE

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

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 91.

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

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

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$518,000.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2013, the Group employed 2,165 employees. Remuneration for employees including medical benefits is determined based on industry practice, the performance and working experience of the employees, and the prevailing market conditions. The Group has implemented a training scheme to groom a new generation of journalists.

RETIREMENT BENEFIT SCHEME

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



Directors' Report

DIRECTORS

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

Executive Directors

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

Non-executive Director

Mr. Dominic LAI

Independent Non-executive Directors

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

In accordance with Article 103 of the Company's Articles of Association, Mr. Ching-fat MA, Mr. Ping-wing PAO and Mr. Yat-fai LAM shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting ("AGM").

AUDIT COMMITTEE

The Audit Committee was established in compliance with Rule 3.21 of the Rules Governing the Listing of Securities (the "Listing Rule") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises two independent non-executive Directors and one non-executive Director.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors of the Company has any interest in a business which competes or is likely to compete with the business of the Group during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

The interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required (a) to be recorded in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as at 31 March 2013 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 (Note)	1,798,437,284	75.00%

Note:

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

Other than the holdings disclosed above, no interests or short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein as at 31 March 2013.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

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



Directors' Report

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

So far as was known to the Directors and chief executive of the Company, the interests and short positions of any persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO as at 31 March 2013 were as follows:

Interests in the Company

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

Note:

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

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

Save as disclosed above, no other party had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO as at 31 March 2013.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2013, the five largest customers of the Group accounted for approximately 48% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer amounted to approximately 22%.

The percentage of purchases attributable to the Group's five largest suppliers is approximately 72% of the Group's total purchases for the year and the percentage of purchases attributable to the Group's largest supplier amounted to approximately 40%.

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

AUDITOR

HLM & Co. were appointed as auditor of the Company on 24 December 2010 to fill the casual vacancy following the resignation of Grant Thornton. The consolidated financial statements for the years ended 31 March 2011 and 2012 have been audited by HLM & Co.. On 16 January 2013, HLM & Co. changed their name to HLM CPA Limited due to change of entity status from partnership to limited company.

The consolidated financial statements for the year ended 31 March 2013 were audited by HLM CPA Limited who will retire and seek for re-election at the forthcoming annual general meeting.

On behalf of the Board

Ching-fat MA
Chairman

21 June 2013



Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ching-fat MA, *BBS*, aged 53, was appointed as an executive Director and the Chairman of the Board on 17 May 2005. Mr. MA is also the chairman of the Executive Committee and Corporate Social Responsibility Committee of the Board. Mr. MA joined the Group in 1985 and was appointed as an executive Director for the period from 11 December 1991 to 4 October 1999. During the period from 20 November 2004 to 17 May 2005, Mr. MA was the President of the Company. Mr. MA graduated from the Department of Journalism, Chu Hai College. Mr. MA is elder brother of Mr. Ching-choi MA and nephew of Mr. Shun-chuen LAM. He is also a director of Magicway Investment Limited, Ever Holdings Limited and Perfect Deal Trading Limited, all of which has an interest in the shares of the Company which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Ching-choi MA, aged 51, was appointed as an executive Director and the Vice Chairman of the Board on 28 September 2005. He assists mainly the Chairman in discharge of his duties. Mr. MA is also a member of the Executive Committee of the Board and the chairman of the Investment Committee of the Board. Mr. MA joined the Group in 1986 and was appointed as an executive Director from 20 February 1995 to 4 October 1999. During the period from 31 August 2002 to 28 September 2005, Mr. MA was a Senior Vice President of the Company. Mr. MA was educated at Dominican College of California, U.S.A., majoring in business administration. Mr. MA is younger brother of Mr. Ching-fat MA, and nephew of Mr. Shun-chuen LAM. He is also a director of Magicway Investment Limited, Ever Holdings Limited and Perfect Deal Trading Limited, all of which has an interest in the shares of the Company which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Mr. Shun-chuen LAM, aged 64, has been an executive Director since October 1999 and is currently the Chief Executive Officer of the Company, responsible for the day-to-day management of the Group's business. Mr. LAM is also a member of the Executive Committee and Investment Committee of the Board. He is also a director of most of the subsidiaries of the Company. Mr. LAM joined the Group in 1972 and was in charge of the distribution of the Group's publications. Mr. LAM is uncle of both Mr. Ching-fat MA and Mr. Ching-choi MA.

NON-EXECUTIVE DIRECTOR

Mr. Dominic LAI, aged 66, has been a Director since August 1998 and is currently a non-executive Director and a member of the Audit Committee of the Board. He is also a non-executive director of Midas International Holdings Limited and NWS Holdings Limited, both of which are the public companies listed on the Stock Exchange. Mr. LAI is a senior partner of a Hong Kong law firm, Lu, Lai & Li, legal advisers to the Group. He is a practising solicitor in Hong Kong and has also been admitted as a solicitor in England, Republic of Singapore, and the States of New South Wales and Victoria, Australia.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yau-nam CHAM, aged 66, has been an independent non-executive Director since March 2006 and is currently a member of the Corporate Social Responsibility Committee of the Board. Mr. CHAM has over 20 years of experience in the securities industry. Mr. CHAM is a member of Certified General Accountants Association of Canada. He obtained his Bachelor of Science degree from St. Mary's University, Bachelor of Engineering (Electrical) degree from Nova Scotia Technical College and Master of Business Administration degree from University of British Columbia, in Canada. Mr. CHAM is a non-executive director and the chairman of the audit committee of Deswell Industries, Inc., a public company listed on NASDAQ in U.S.A.

Mr. Ping-wing PAO, *JP*, aged 65, has been a Director since July 1987 and is currently an independent non-executive Director and a member of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Social Responsibility Committee of the Board. He is also an independent non-executive director of UDL Holdings Limited, Zhuzhou CSR Times Electric Co., Limited, New Environment Energy Holdings Limited, Maoye International Holdings Limited, Soundwill Holdings Limited and Sing Lee Software (Group) Limited, all of which are the public companies listed on the Stock Exchange. Besides, Mr. Pao was appointed as an independent non-executive director of HL Technology Group Limited, a public company listed on the Stock Exchange, with effect from 29 May 2013. Mr. PAO was elected as one of the Ten Outstanding Young Persons of Hong Kong in 1982 and one of the Ten Outstanding Young Persons of the World in 1983. He was also an ex-Urban Councillor. In the past 20 years plus, he has been actively serving on government policy committees and statutory bodies, especially those of town planning, urban renewal, public housing, culture and arts and environment matters. Mr. PAO holds a Master of Science degree in human settlements planning & development.

Mr. Yat-fai LAM, aged 47, has been an independent non-executive Director since September 2004. He is also the chairman of the Audit Committee, Remuneration Committee and Nomination Committee and a member of the Investment Committee of the Board. Mr. LAM is also an independent non-executive director of Tianda Pharmaceuticals Limited (formerly known as Tianda Holdings Limited), a public company listed on the Stock Exchange. Besides, Mr. LAM resigned as an independent non-executive director of G-Prop (Holdings) Limited, a public company listed on the Stock Exchange, with effect from 8 March 2013. Mr. LAM is a Certified Public Accountant (Practising). He is a fellow member of the Hong Kong Institute of Certified Public Accountants and of the Association of Chartered Certified Accountants. He worked with Kwan Wong Tan & Fong and Deloitte Touche Tohmatsu for over 10 years and has over 23 years of experience in auditing, taxation, corporate finance and accounting.

The executive Directors are also senior managers of the Group.



Corporate Governance Report

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices to safeguard the interests of the shareholders and enhance the performance of the Company. The Company has adopted and applied a corporate governance policy.

The Company has complied with the code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2013 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 (“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.

BOARD OF DIRECTORS

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

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

Each of the independent non-executive Directors has made an annual confirmation of his independence in accordance with the guidelines as set out in Rule 3.13 of the Listing Rules. The Company also considers that all independent non-executive Directors are independent parties since they do not get involved in the daily management of the Company and there are not any relationships or factors which would impair of their independence. During the year, each non-executive Director entered into a letter of appointment with the Company for a term of three years, subject to retirement by rotation once at least every three years in accordance with the Company’s Articles of Association at the Company’s AGM. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance is no less exacting than the standard set out in the Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Corporate Governance Report

FUNCTIONS OF CORPORATE GOVERNANCE

The Board is responsible for performing the corporate governance duties including:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of the Directors and the senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct applicable to the employees and the Directors; and
5. to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

BOARD MEETINGS

Regular Board meetings are held at least four times a year by the Company at approximately quarterly intervals. The Company Secretary assists the Chairman in preparing agenda for the board meeting. Notice of convening the meeting shall be issued at least 14 days in advance of the meeting. Agenda for the meeting together with the relevant documents shall be dispatched to the Directors no less than three days prior to the meeting for their review. The Company Secretary shall record matters considered by the Board and maintains the minutes of meetings. The copies of minutes will also be circulated to all Directors for information and records.

Besides the regular meetings, all Directors are provided with monthly updates on the Company's performance, position and prospects.

For the year ended 31 March 2013, the attendance of the Board meeting, the Board committees' meetings and the AGM are as follows:

Name of Directors	Board Meetings	Audit	Remuneration	Nomination	AGM
		Committee Meetings	Committee Meeting	Committee Meeting	
Meeting attended/held					
* Mr. Ching-fat MA, <i>BBS</i>	4/4	—	—	—	1/1
* Mr. Ching-choi MA	4/4	—	—	—	1/1
* Mr. Shun-chuen LAM	4/4	—	—	—	1/1
^ Mr. Dominic LAI	4/4	2/2	—	—	1/1
# Mr. Yau-nam CHAM	4/4	—	—	—	1/1
# Mr. Ping-wing PAO, <i>JP</i>	4/4	1/2	1/1	1/1	0/1
# Mr. Yat-fai LAM	4/4	2/2	1/1	1/1	1/1

* *Executive Director*

^ *Non-executive Director*

Independent Non-executive Director



Corporate Governance Report

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

- (i) to approve the interim and annual reports, and matters necessary to be considered at the annual general meeting;
- (ii) to review the overall performance and financial position of the Group;
- (iii) to review and approve corporate strategies of the Group;
- (iv) to establish an Inside Information Committee, to review and approve the relevant policy; and
- (v) to establish a Corporate Social Responsibility Committee, to review and approve the relevant policy.

In addition to the Board meetings, the Chairman also holds one meeting with non-executive Directors (including independent non-executive Directors) without the presence of executive Directors during the year.

DIRECTORS' TRAINING

All Directors are encouraged to participate in continuous professional development ("CPD") training to refresh their knowledge and skills. The Company Secretary also provides the Directors with update on latest development and amendment in the Listing Rules and other relevant legal and regulatory requirements from time to time. During the year, the Company also arranged training courses and provided reading materials to the Directors for internal training. The Directors are required to provide the Company with the details of the CPD training undertaken by them. Based on the details provided by the Directors, the CPD training undertaken by them during the year is summarized as follows:

Name of Directors	Directors' Roles, Functions and Duties	Legal, Regulatory and Corporate Governance
* Mr. Ching-fat MA, <i>BBS</i>	✓	✓
* Mr. Ching-choi MA	✓	✓
* Mr. Shun-chuen LAM	✓	✓
^ Mr. Dominic LAI	✓	✓
# Mr. Yau-nam CHAM	✓	✓
# Mr. Ping-wing PAO, <i>JP</i>	✓	✓
# Mr. Yat-fai LAM	✓	✓

* *Executive Director*

^ *Non-executive Director*

Independent Non-executive Director

The Company has received the confirmation from the Directors and confirmed that they provided sufficient time and attention to the affairs of the Company during the year.

Corporate Governance Report

BOARD COMMITTEES

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

Executive Committee

The Executive Committee comprises three executive Directors, Mr. Ching-fat MA, Mr. Ching-choi MA and Mr. Shun-chuen LAM. Mr. Ching-fat MA is the chairman of the Committee.

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

Audit Committee and Accountability

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

The terms of reference of the Audit Committee were updated during the year and are published on the websites of the Company and the Stock Exchange. The principal duties of the Committee are to monitor the integrity of the Company's financial statements, reports, accounts and financial controls; review the internal controls and risk management system; and monitor the audit procedures of the external auditor. During the year, the Committee discharged its principal duties. The Committee also reviewed the Company's audited financial statements for the year ended 31 March 2012, unaudited interim financial statements for the six months ended 30 September 2012 and the internal control reports.

The Directors acknowledge their responsibility for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Group and of the Group's results and cash flow for that period. The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management. The Directors confirm that the financial statements for the year ended 31 March 2013 were prepared in accordance with statutory requirements and applicable accounting standards. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.



Corporate Governance Report

Remuneration Committee

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

The terms of reference of the Remuneration Committee were updated during the year and are published on the websites of the Company and the Stock Exchange. The principal duties of the Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of the Directors and senior management; reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and making recommendations to the Board on the remuneration of non-executive Directors. During the year, the Committee discharged its principal duties. The Committee also reviewed and developed the remuneration policies of the Directors and made the recommendations to the Board. The Directors' remuneration is determined with reference to their performance, duties with the Company, the Company's prevailing standards for emoluments and the market conditions.

Nomination Committee

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

The terms of reference of the Nomination Committee were updated during the year and are published on the websites of the Company and the Stock Exchange. The principal duties of the Committee include reviewing the structure, size and composition of the Board; assessing the independence of the independent non-executive Directors; and identifying suitable candidate for being a Director and making recommendation to the Board accordingly. During the year, the Committee discharged its principal duties.

Investment Committee

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

The principle duties of the Committee are to enhance the Company's risk management; provide market information, and advise and make recommendations to the Board on the Company's proposed investments which are not in relation to the core business.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (the "CSR Committee") comprises one executive Director, Mr. Ching-fat MA and two independent non-executive Directors, Mr. Yau-nam CHAM and Mr. Ping-wing PAO. Mr. Ching-fat MA is the chairman of the Committee.

The Committee is mainly responsible for developing and reviewing the strategies and policies of the corporate social responsibilities of the Company; and monitoring the Company's corporate governance to ensure the compliance with the legal and regulatory requirements. The Committee is also responsible for preparing the annual Corporate Governance Report and the Environmental, Social and Governance Report to be submitted to the Board for consideration and approval.

Corporate Governance Report

INTERNAL CONTROL

The Board delegates the Audit Committee to review the internal control system of the Group to ensure the effective operation of the system. The internal control system helps the Group attain its business objectives, protect the assets from unauthorized uses or disposals, and ensure the maintenance of proper accounting records. It can also provide reliable financial information for internal uses or external dissemination while ensuring the compliance of relevant ordinances and regulations.

Internal Control Environment

The Group has established an organizational structure and a comprehensive reporting system to specify the relevant operating policies and procedures, duties and authorities.

The management is delegated by the Board to enforce the established corporate strategies, policies and contracts and deal with the related issues. The management holds meetings regularly to review the day-to-day operating performance and formulates operating objectives and strategies. Supervisors from all departments shall report the working progress, relay the feedback and discuss the current policies. They shall also enhance the communication and coordination with other departments and improve the quality of their work to attain the business objectives. Operating budgets shall be prepared by the relevant departments and shall be implemented subject to the review by the management. The Group has procedures in place to assess, review and approve the major capital and recurring expenses, and to analyze the discrepancy between the operating results and the budgets and report to the Board on a regular basis.

Internal Audit

The Group has established an internal control group to perform internal audit and carry out other duties related to review or investigation in nature. The internal control group also reviews the internal control measures of the Group, and assesses the sufficiency and effectiveness of the measures and makes recommendations to the management. The scope of audit primarily covers financial control, operating control, compliance of regulations and risk management. The internal control group operates independently and has access to the information necessary to discharge its duties.

The audit duties include:

1. Carry out on-site review and examination of all departments to ensure the proper implementation and preservation of the established policies, operating procedures and maintenance of records of the Group, the adequate protection of assets and the appropriate utilization of resources.
2. Review the risks or specific concerns suggested by the Audit Committee or the management.
3. Establish the relevant procedures for the purpose of mitigating the risk of failure to attain business objectives.



Corporate Governance Report

The internal control group reports the review findings and recommendations to the management on a regular basis. The reports together with the feedback of the management shall be submitted to the Audit Committee for further discussion and approval before it is submitted to the Board for review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Following specific enquiries by the Company, all Directors have confirmed in writing their compliance with the required standards set out in the Model Code for the year ended 31 March 2013.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matter. During the year, the Company Secretary has taken no less than 15 hours of relevant professional training.

AUDITOR'S REMUNERATION

For the year ended 31 March 2013, the external auditor received approximately HK\$1,203,000, audit fees in full.

CONSTITUTIONAL DOCUMENT

At the AGM of the Company held on 1 August 2012, a special resolution was passed by the shareholders to amend the Articles of Association of the Company in order to bring them in line with the Listing Rules. The full text of the amendments is set out in the notice convening the said meeting and the up-to-date consolidated version of the Memorandum and Articles of Association of the Company are published on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

Shareholders are encouraged to attend all general meetings of the Company. Shareholders holding not less than one-twentieth of the issued share capital of the Company have rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders. Shareholders may make such a request together with the proposed agenda items by written format and post to the Company Secretary at the registered office of the Company. If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

Corporate Governance Report

In addition, shareholders representing not less than one-fortieth of the total voting rights of all shareholders or of at least 50 in number holding shares in the Company on which there has been paid up an average sum of not less than HK\$2,000 per shareholder, may put forward proposals for consideration at a general meeting. However, all proposals should be submitted by written format and post to the Company Secretary at the registered office of the Company at least 6 weeks before the meeting in the case of a requisition requiring notice of a resolution or 1 week before the meeting in the case of any other requisition. In addition, there must be deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto. If, however, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an annual general meeting is called for a date 6 weeks or less after the copy has been deposited, the copy though not deposited within the time required as referred to above shall be deemed to have been properly deposited for the purposes thereof.

Enquiries may be put to the Board through the Company Secretary by post at Oriental Press Centre, 23 Dai Cheong Street, Tai Po Industrial Estate, Hong Kong or by email to finance@opg.com.hk.

COMMUNICATION WITH SHAREHOLDERS

The Company has developed a shareholders' communication policy. The policy aims to promote effective communication with shareholders and other stakeholders and is reviewed on a regular basis. Annual general meetings are the Company's primary channel for communication with shareholders. The chairman of the annual general meetings proposes separate resolutions for each issue to be considered. During the year, the chairmen of the Board, Audit Committee, Remuneration Committee and Nomination Committee and external auditor attended the Company's AGM to answer shareholders' questions.

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



Environmental, Social and Governance Report

Set up in March 2013, the Corporate Social Responsibility Committee is chaired by Mr. Ching-fat MA. The Committee has set relevant objectives and policies in order to make preparation for and manage risks arising from economic, environmental and social development, creating value of sustainable development and fulfilling the Group's corporate social responsibilities.

COMMUNITY

During the year under review, the Group has taken an active part in and promoted various activities that contributed to the community. The following is a summary of these activities:

The Group has co-organized the "Panasonic School's Basketball Championship" in each May since 2008. The event has become one of the four major games among schools, with more than 40 schools taking part each year. In addition to inter-school matches, the tournament has introduced a star invitational to create a joyful atmosphere. The three-day event attracted more than ten thousand spectators. To further promote this body-building sport, the Group has reported features and results of the event in "Oriental Daily News", "The Sun" and "on.cc", thereby encouraging more schools to take part and attracting more young people to healthy sports.

In September 2012, the Group's "Oriental Daily News", "The Sun" and "on.cc" became the media partners of the "New World Cycling Charity Championship 2012", promoting cycling in the community. More remarkably, exclusive interviews were made with renowned cyclists Mr. Kam-po WONG and Mr. Wang-yip TANG and triathlete Mr. Daniel Chi-wo LEE, who encouraged citizens to do good deeds and do more exercise. The event attracted more than one thousand citizens and cyclists to take part, including a number of celebrities including Mr. Chung-yam HUNG, who participated along with his son, creating a hilarious atmosphere interest at the site. The event raised more than HK\$300,000.

In line with its constant commitment to environmental protection, the Group has implemented various environmental measures at our plants and offices. In addition, the Group has again participated in "Hong Kong Cleanup" organised by Ecovision Asia in October 2012. Nearly one hundred of our staff members worked with participating artists to clean Wu Kai Sha Beach. "Oriental Daily News" and "The Sun" have reported coverage of this activity to allow more readers to understand the significance of the activity.

In addition, with a view to enabling young people to understand the newspaper printing process and attracting them to take up this profession, the Group organised the "Student Tour to Oriental Press Centre" specially to increase students' interest in journalism and identify those who had the potential to become media professionals. Students from a number of schools including Queen's College Old Boys' Association Secondary School, St. Catharine's School for Girls (Kwun Tong), Pui Ching Middle School, Hang Seng Management College and Hong Kong Baptist University have taken such tour. Through the tour, students further understood the process of production of newspapers and website news. They even had the opportunity to act as online news anchors. Some students became interested in the newspaper industry as a result.

The Group spares no efforts to contribute to charity. For decades, the Group has organised various forms of charitable activities and donations in the interest of the community through "Oriental Daily News Charitable Fund" (established in 1985) and "The Sun Charitable Fund" (established in 1999), with a view to meeting social needs and benefiting the community.

Environmental, Social and Governance Report

The two charitable funds continued to receive funding from the Group for their activities during the year. The Group also reserved spaces in the two papers to call for donations for individual cases, with a view to drawing the attention of and raising funds from a wider range of people. The donations raised by the two funds were allocated to individuals in need, for purposes including burial, medical treatment, emergency aid and other special needs.

In 2012, the most inspiring fund-raising case was the case of a baby named Jing WONG. Jing WONG, only three months old, suffered from an eye disease called Peters' Anomaly and was on the brink of blindness. Currently, the medical technology to cure the disease is only available abroad, but the parents were unable to afford the surgical expenses. With the assistance and calls from "Oriental Daily News Charitable Fund" and "The Sun Charitable Fund", more than HK\$1,150,000 was raised within a short time, enabling Wong Jing to receive treatment successfully in the United States.

In addition, the activities organised by the charitable funds of the two newspapers independently or in conjunction with other organisations in 2012 include:

Soup with Love Programme

Initiated by "Oriental Daily News Charitable Fund" in 1992, the programme provides long-term inpatients of Haven of Hope Hospital with soup every week and on festivals, thereby lending them spiritual support. For the past 20 years, the fund has donated nearly HK\$1,200,000 to 390,000 beneficiaries.

Tom.com Books Donation

Since 2005, "Oriental Daily News Charitable Fund" and "The Sun Charitable Fund" have worked with Tom Group Limited to hold the activity "Sharing Reading Fun with Care" every year, giving out books to children and teenagers of low-income families through various charitable organisations, with a view to developing good reading habits and deliver the care of the community. A total of more than 10,000 books have been given out through this activity so far.

Social Work Students Bursaries

"Oriental Daily News Charitable Fund" and "The Sun Charitable Fund" have sponsored "Social Work Students Bursaries" for 22 consecutive years. From February to April each year, the program gives bursaries to outstanding students in need of financial assistance, helping them to prepare themselves for contributing to the society. So far the programme has allocated more than HK\$9,700,000, benefiting more than 900 students.

Fun Tour to Ocean Park

"Oriental Daily News Charitable Fund" and "The Sun Charitable Fund" joined hands with Ocean Park to organise "Fun Tour to Ocean Park", giving out 3,000 free tickets to Ocean Park through a number of organisations. Through the activity, parents of low-income families, who work hard to make a living, had the opportunity to enjoy a joyful tour with their children. The activity was held during the period from April to June 2012, benefiting hundreds of families.



Environmental, Social and Governance Report

Books Donation Scheme

“The Sun Charitable Fund” has been organising this scheme continuously since 2000, providing outstanding students from poverty-stricken families with new textbooks for new school years, thereby encouraging needy students as well as relieving the financial burden of their families. In 2012, the “Books Donations Scheme” was held jointly with Henderson Warmth Foundation on 22 July, involving a textbook expense of more than HK\$720,000 and benefiting 299 students. Thanks to the generous support of numerous kind-hearted readers for years, the scheme has raised a total of HK\$5,000,000 and benefited nearly 2,900 students.

Hong Thai Great Achievers Tour 2012

“Hong Thai Great Achievers Tour 2012”, which was organised by Hong Thai Study Tour Centre of Hong Thai Travel Services with the support from “The Sun Charitable Fund”, helped outstanding students to expand their horizons through practical experience. The fund selected outstanding senior secondary students from poverty-stricken families throughout Hong Kong to join a tour from 13 to 16 August, with the theme of environmental protection and sustainable development, allowing the students to have real experience of learning through travelling.

Mooncakes as a Token of Love

“Oriental Daily News Charitable Fund” has been holding this activity since 1994, presenting its care to the elderly on each Mid-Autumn Festival, so that they can enjoy the festivity of the traditional festival. On the Mid-Autumn Festival in 2012, the fund worked with CCT Telecom Holdings Charitable Foundation again to distribute moon cakes to 20,000 elderly people through 104 community service organisations.

Warmth Giving Programme

“Oriental Daily News Charitable Fund” has been holding this activity since 1996, presenting useful gift packages to more than ten thousand elderly citizens and poverty-stricken families each year, relieving their financial burden. In December 2012, “Oriental Daily News Charitable Fund” and “The Sun Charitable Fund” joined hands with Henderson Warmth Foundation again to give out 12,000 gift packages to the elderly and low-income families through community service organisations and elderly homes.

As of 31 December 2012, “Oriental Daily News Charitable Fund” has received donations amounting to approximately HK\$493,000,000 in aggregate from a total of 716,166 donors and provided assistance to a total of 1,539,911 beneficiaries in 21,834 cases. The aggregate donations amounted to HK\$463,000,000. As of 31 December 2012, “The Sun Charitable Fund” has received donations amounting to approximately HK\$22,820,000 in aggregate from a total of 30,725 donors and provided assistance to a total of 185,243 beneficiaries in 3,155 cases. The aggregate donations amounted to HK\$20,320,000.

Through the above activities, the Group has been helping people in need and promoting community activities, thereby performing its corporate social responsibilities and contributing to the community.

Independent Auditor's Report

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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To the members of Oriental Press Group Limited

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Oriental Press Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 90, which comprise the consolidated and company statement of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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



Independent Auditor's Report

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.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013 and of the Group's profit and cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

HLM CPA Limited

Certified Public Accountants

Ng Fai Fiona

Practicing Certificate Number P4986

Hong Kong, 21 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000
Revenue	5	1,457,461	1,505,126
Other income	5	67,767	57,906
Raw materials and consumables used		(452,728)	(537,648)
Staff costs including directors' emoluments	7	(679,228)	(677,446)
Depreciation		(67,065)	(63,159)
Other operating expenses		(185,613)	(209,866)
Net surplus on revaluation of property, plant and equipment	15	74,930	43,886
Fair value adjustments on investment properties		(12,951)	(12,736)
Net gain on disposal of investment properties		—	31,450
Net gain on disposal of property, plant and equipment		346	36
Profit from operations	8	202,919	137,549
Finance costs	9	(528)	(859)
Profit before income tax		202,391	136,690
Income tax expenses	10	(17,944)	(18,040)
Profit for the year		184,447	118,650
Other comprehensive income			
— Surplus on revaluation of building		56,364	—
— Deferred tax liability arising on revaluation of building		(9,300)	—
		47,064	—
— Exchange gain on translation of financial statements of foreign operations		4,855	154
Other comprehensive income for the year		51,919	154
Total comprehensive income for the year		236,366	118,804



Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000
Profit for the year attributable to:	11		
Equity holders of the Company		182,910	119,469
Non-controlling interests		1,537	(819)
		<u>184,447</u>	<u>118,650</u>
Total comprehensive income attributable to:			
Equity holders of the Company		234,797	119,619
Non-controlling interests		1,569	(815)
		<u>236,366</u>	<u>118,804</u>
Earnings per share for profit attributable to equity holders of the Company during the year			
– Basic	13	<u>HK7.63 cents</u>	<u>HK4.98 cents</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	906,236	801,863
Leasehold land	16	26,784	27,572
Investment properties	17	234,206	202,079
Available-for-sale financial asset	18	4,745	4,745
Deferred tax assets	19	51,673	48,121
		1,223,644	1,084,380
Current assets			
Inventories	21	113,778	149,935
Trade receivables	22	248,813	232,584
Other debtors, deposits and prepayments	23	18,613	33,234
Taxation recoverable		13,326	24,639
Cash and bank balances	24	1,601,803	1,629,615
		1,996,333	2,070,007
Current liabilities			
Trade payables	25	39,355	54,732
Other creditors, accruals and deposits received	26	121,068	126,322
Taxation payable		7,483	3,452
Borrowings	27	8,899	9,628
		176,805	194,134
Net current assets		1,819,528	1,875,873
Total assets less current liabilities		3,043,172	2,960,253



Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000
Non-current liabilities			
Borrowings	27	1,844	798
Deferred tax liabilities	19	95,875	82,514
		<u>97,719</u>	<u>83,312</u>
Net assets		<u>2,945,453</u>	<u>2,876,941</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	28	599,479	599,479
Reserves		2,343,404	2,276,461
		<u>2,942,883</u>	<u>2,875,940</u>
Non-controlling interests		<u>2,570</u>	<u>1,001</u>
Total equity		<u>2,945,453</u>	<u>2,876,941</u>

Ching-fat MA
Director

Ching-choi MA
Director

Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	3,719	4,001
Available-for-sale financial asset	18	4,745	4,745
Investment in subsidiaries	20(a)	1	1
		<u>8,465</u>	<u>8,747</u>
Current assets			
Other debtors, deposit and prepayments	23	1,888	1,484
Taxation receivables		—	802
Amount due from subsidiaries	20(b)	2,475,099	2,413,810
Cash and bank balances	24	1,740	1,068
		<u>2,478,727</u>	<u>2,417,164</u>
Current liabilities			
Trade payables	25	1,684	1,092
Other creditors, accruals and deposits received	26	6,194	6,131
Amount due to subsidiaries	20(b)	76	1
Taxation payable		2,745	—
		<u>10,699</u>	<u>7,224</u>
Net current assets		<u>2,468,028</u>	<u>2,409,940</u>
Total assets less current liabilities		<u>2,476,493</u>	<u>2,418,687</u>
Non-current liabilities			
Deferred tax liabilities	19	405	496
Net assets		<u>2,476,088</u>	<u>2,418,191</u>
EQUITY			
Share capital	28	599,479	599,479
Reserves	29	1,876,609	1,818,712
Total equity		<u>2,476,088</u>	<u>2,418,191</u>

Ching-fat MA
Director

Ching-choi MA
Director



Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Note	2013 HK\$'000	2012 HK\$'000
Cash flows from operating activities			
Profit before income tax		202,391	136,690
Adjustments for:			
Interest income		(19,601)	(19,816)
Interest expenses		528	859
Bad debts recovered		—	(226)
Impairment of trade receivables		724	8
Depreciation		67,065	63,159
Net exchange gain		(2,177)	(7,223)
Amortisation of leasehold land		788	787
Net surplus on revaluation of property, plant and equipment		(74,930)	(43,886)
Fair value adjustments on investment properties		12,951	12,736
Net gain on disposal of investment properties		—	(31,450)
Net gain on disposal of property, plant and equipment		(346)	(36)
		<hr/>	<hr/>
Operating profit before working capital changes		187,393	111,602
Decrease/(increase) in inventories		36,157	(40,779)
(Increase)/decrease in trade receivables		(16,953)	28,016
Decrease/(increase) in other debtors, deposits and prepayments		13,744	(19,409)
(Decrease)/increase in trade payables		(15,377)	7,181
(Decrease)/increase in other creditors, accruals and deposits received		(5,254)	26,907
		<hr/>	<hr/>
Cash generated from operations		199,710	113,518
Income tax paid		(21,662)	(46,578)
Income tax refunded		19,820	—
Interest paid		(528)	(859)
		<hr/>	<hr/>
Net cash generated from operating activities		197,340	66,081

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Note	2013 HK\$'000	2012 HK\$'000
Cash flows from investing activities			
Purchases of property, plant and equipment		(37,356)	(16,092)
Additions to investment properties		(43,949)	(1,252)
Net proceeds from disposal of property, plant and equipment		452	618
Net proceeds from disposal of investment properties		—	120,099
Interest received		19,601	19,816
		<hr/>	<hr/>
Net cash (used in)/generated from investing activities		(61,252)	123,189
		<hr/>	<hr/>
Cash flows from financing activities			
Dividends paid		(167,854)	(527,542)
Repayment of obligations under finance leases		(1,327)	(1,363)
		<hr/>	<hr/>
Net cash used in financing activities		(169,181)	(528,905)
		<hr/>	<hr/>
Net decrease in cash and bank balances		(33,093)	(339,635)
		<hr/>	<hr/>
Cash and bank balances at 1 April		1,629,615	1,963,031
Effect of foreign exchange rate changes		5,281	6,219
		<hr/>	<hr/>
Cash and bank balances at 31 March	24	1,601,803	1,629,615
		<hr/> <hr/>	<hr/> <hr/>



Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Equity attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Properties revaluation reserve	Retained profits	Proposed dividend	Total			
	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	
2011 final dividend paid	—	—	—	—	—	(263,771)	(263,771)	—	(263,771)	
2012 interim dividend paid	—	—	—	—	(47,958)	—	(47,958)	—	(47,958)	
2012 special dividend paid	—	—	—	—	(215,813)	—	(215,813)	—	(215,813)	
Transactions with equity holders	—	—	—	—	(263,771)	(263,771)	(527,542)	—	(527,542)	
Profit for the year	—	—	—	—	119,469	—	119,469	(819)	118,650	
Other comprehensive income										
— Exchange gain on translation of financial statements of foreign operations	—	—	150	—	—	—	150	4	154	
Total comprehensive income for the year	—	—	150	—	119,469	—	119,619	(815)	118,804	
Proposed 2012 final dividend (Note 12)	—	—	—	—	(47,958)	47,958	—	—	—	
Proposed 2012 special dividend (Note 12)	—	—	—	—	(23,979)	23,979	—	—	—	
At 31 March 2012 and 1 April 2012	599,479	814,485	29,149	9,700	1,351,190	71,937	2,875,940	1,001	2,876,941	
2012 final dividend paid	—	—	—	—	—	(47,958)	(47,958)	—	(47,958)	
2012 special dividend paid	—	—	—	—	—	(23,979)	(23,979)	—	(23,979)	
2013 interim dividend paid	—	—	—	—	(47,958)	—	(47,958)	—	(47,958)	
2013 special dividend paid	—	—	—	—	(47,959)	—	(47,959)	—	(47,959)	
Transactions with equity holders	—	—	—	—	(95,917)	(71,937)	(167,854)	—	(167,854)	
Profit for the year	—	—	—	—	182,910	—	182,910	1,537	184,447	
Other comprehensive income										
— Surplus on revaluation of building	—	—	—	56,364	—	—	56,364	—	56,364	
— Deferred tax liability arising on revaluation of building	—	—	—	(9,300)	—	—	(9,300)	—	(9,300)	
— Release of revaluation reserve	—	—	—	(5,404)	5,404	—	—	—	—	
— Exchange gain on translation of financial statements of foreign operations	—	—	4,823	—	—	—	4,823	32	4,855	
Total comprehensive income for the year	—	—	4,823	41,660	188,314	—	234,797	1,569	236,366	
Proposed 2013 final dividend (Note 12)	—	—	—	—	(47,959)	47,959	—	—	—	
Proposed 2013 special dividend (Note 12)	—	—	—	—	(23,979)	23,979	—	—	—	
At 31 March 2013	599,479	814,485	33,972	51,360	1,371,649	71,938	2,942,883	2,570	2,945,453	

Note: These reserve accounts comprise the consolidated reserves of HK\$2,343,404,000 (2012: HK\$2,276,461,000) in the consolidated statement of financial position of the Group.

Notes to the Financial Statements

For the year ended 31 March 2013

1. GENERAL INFORMATION

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

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

The financial statements for the year ended 31 March 2013 were approved and authorised for issue by the Board of Directors on 21 June 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 28 to 90 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

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

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



Notes to the Financial Statements

For the year ended 31 March 2013

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

2.2 Basis of consolidation

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

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

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

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

2.3 Subsidiaries

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2013

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

2.4 Foreign currency translation

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

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

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

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

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

2.5 Property, plant and equipment

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



Notes to the Financial Statements

For the year ended 31 March 2013

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

2.5 Property, plant and equipment *(Continued)*

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

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2013

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

2.6 Leasehold land

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

2.7 Investment properties

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

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

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

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

2.8 Financial assets

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

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

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



Notes to the Financial Statements

For the year ended 31 March 2013

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

2.8 Financial assets *(Continued)*

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

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2013

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

2.8 Financial assets *(Continued)*

(ii) Available-for-sale financial assets *(Continued)*

Impairment of financial assets

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

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

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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



Notes to the Financial Statements

For the year ended 31 March 2013

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

2.8 Financial assets *(Continued)*

(ii) Available-for-sale financial assets *(Continued)*

Impairment of financial assets (Continued)

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

(i) Financial assets carried at amortised cost

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

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

(ii) Available-for-sale financial assets

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

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

Notes to the Financial Statements

For the year ended 31 March 2013

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

2.8 Financial assets *(Continued)*

(ii) Available-for-sale financial assets *(Continued)*

Impairment of financial assets (Continued)

(iii) Financial assets carried at cost

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

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

2.9 Inventories

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

2.10 Cash and bank balances

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



Notes to the Financial Statements

For the year ended 31 March 2013

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

2.11 Financial liabilities

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

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

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

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

Borrowings

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

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

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

Trade payables, other creditors and accruals

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

Notes to the Financial Statements

For the year ended 31 March 2013

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

2.12 Financial guarantees issued

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

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

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

2.13 Leases

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

(i) Classification of assets leased to the Group

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



Notes to the Financial Statements

For the year ended 31 March 2013

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

2.13 Leases *(Continued)*

(ii) Assets acquired under finance leases

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

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

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

(iii) Operating lease charges as the lessee

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

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2013

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

2.14 Provisions, contingent liabilities and contingent assets

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

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

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

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

2.15 Share capital

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

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



Notes to the Financial Statements

For the year ended 31 March 2013

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

2.16 Revenue recognition

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

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

- (i) Revenue from sales of newspapers to distributors or customers is recognised when the products are delivered and title has passed.
- (ii) Advertising income is recognised when the relevant advertisement is published.
- (iii) Provision of printing services is recognised upon provision of the services.
- (iv) Restaurant operation income is recognised upon the sale of goods.
- (v) Rental income receivable under operating leases is recognised as revenue in profit or loss on a straight-line basis over the periods covered by the lease terms. Lease incentives granted are recognised as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.
- (vi) Interest income is recognised on a time-proportion basis using the effective interest method.
- (vii) Internet subscription income is recognised upon provision of the services.
- (viii) Internet advertising income is recognised on a straight-line basis over the period of the relevant advertisement is published.
- (ix) License fee income from hotel property is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Notes to the Financial Statements

For the year ended 31 March 2013

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

2.17 Impairment of non-financial assets

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

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

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

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

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



Notes to the Financial Statements

For the year ended 31 March 2013

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

2.18 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

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

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

Short-term employee benefits

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

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

Long service payments

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

2.19 Borrowing costs

All borrowing costs are expensed as incurred.

Notes to the Financial Statements

For the year ended 31 March 2013

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

2.20 Accounting for income taxes

Income tax comprises current tax and deferred tax.

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

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

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

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

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

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



Notes to the Financial Statements

For the year ended 31 March 2013

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

2.20 Accounting for income taxes *(Continued)*

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

- (a) has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.21 Related parties

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

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

Notes to the Financial Statements

For the year ended 31 March 2013

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

2.21 Related parties *(Continued)*

- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

2.22 Segment reporting

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

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

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

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has adopted the following amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are or have become effective for the Group's financial year being on 1 April 2012.

HKFRS 1 (Amendments)	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 adoption of the new HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.



Notes to the Financial Statements

For the year ended 31 March 2013

3. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

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

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

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Notes to the Financial Statements

For the year ended 31 March 2013

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

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

(i) **Estimated fair value of leasehold building and investment properties (collectively as “Building and Properties”)**

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

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

(ii) **Depreciation**

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

(iii) **Impairment of receivables**

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

(iv) **Provision for long service payment**

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



Notes to the Financial Statements

For the year ended 31 March 2013

5. REVENUE AND TURNOVER

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

	2013 HK\$'000	2012 <i>HK\$'000</i>
Publication of newspapers	1,392,105	1,444,949
Internet subscription and advertising income	40,759	35,482
Rental income from investment properties	6,607	7,855
License fee income from hotel property	8,002	6,999
Income from restaurant operation	9,988	9,841
	1,457,461	1,505,126

	2013 HK\$'000	2012 <i>HK\$'000</i>
Included in other income are:		
Interest earned on bank deposits	19,601	19,816
Sales of scrap materials	7,926	12,505
Forfeited deposit from the sale of hotel property	13,241	—

6. SEGMENT INFORMATION

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

Notes to the Financial Statements

For the year ended 31 March 2013

6. SEGMENT INFORMATION (Continued)

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

	Publication of newspapers		All other segments		Total	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Reportable segment revenue from external customers	1,432,864	1,480,431	24,597	24,695	1,457,461	1,505,126
Reportable segment profit/(loss)	202,307	115,649	(13,867)	15,612	188,440	131,261
Unallocated corporate income					52,980	44,411
Unallocated corporate expenses					(39,029)	(38,982)
Profit before income tax					202,391	136,690
Other information						
Interest expenses	(200)	(517)	(328)	(342)	(528)	(859)
Depreciation and amortisation	(66,910)	(62,724)	(943)	(1,222)	(67,853)	(63,946)
Net surplus on revaluation of property, plant and equipment	131,294	43,886	—	—	131,294	43,886
Fair value adjustments on investment properties	—	—	(12,951)	(12,736)	(12,951)	(12,736)
Additions to non-current assets (Property, plant and equipment and investment properties) during the year	34,621	18,165	49,569	1,275	84,190	19,440

Reportable segment assets and liabilities

	Publication of newspapers		All other segments		Unallocated		Total	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
ASSETS								
Segment assets	1,341,461	1,281,718	271,968	238,309	—	—	1,613,429	1,520,027
Available-for-sale financial asset	—	—	—	—	4,745	4,745	4,745	4,745
Cash and bank balances	—	—	—	—	1,601,803	1,629,615	1,601,803	1,629,615
Consolidated total assets	1,341,461	1,281,718	271,968	238,309	1,606,548	1,634,360	3,219,977	3,154,387
LIABILITIES								
Segment liabilities	264,393	264,632	10,131	12,814	—	—	274,524	277,446



Notes to the Financial Statements

For the year ended 31 March 2013

6. SEGMENT INFORMATION (Continued)

Reportable segment assets and liabilities (Continued)

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

	Revenue from external customers		Non-current assets	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong (country of domicile)	1,442,852	1,490,272	924,520	825,647
Australia	14,609	14,854	242,706	205,867
	1,457,461	1,505,126	1,167,226	1,031,514

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 revenues from external customers and the Group's non-current assets (other than financial instruments and deferred tax assets), country of domicile is determined by reference to the country where the majority of the Company's subsidiaries operate.

During the year, HK\$506,808,000 (2012: HK\$507,581,000) out of the Group's revenues of HK\$1,457,461,000 was contributed by two (2012: two) customers. No other single customers contributed 10% or more to the Group's revenue for both 2013 and 2012.

7. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2013 HK\$'000	2012 HK\$'000
Wages and salaries	654,759	644,233
Long service payments	—	11,604
Termination benefits	1,304	354
Pension costs — defined contribution plans	23,165	21,255
	679,228	677,446

Notes to the Financial Statements

For the year ended 31 March 2013

8. PROFIT FROM OPERATIONS

	2013 HK\$'000	2012 HK\$'000
Profit from operations is arrived at after charging/ (crediting):		
Auditor's remuneration	1,203	1,038
Cost of inventories recognised as expense	452,728	537,648
Bad debts recovered	—	(226)
Impairment of trade receivables	724	8
Depreciation:		
— Owned assets	66,406	62,960
— Leased assets	659	199
Amortisation of leasehold land	788	787
Net exchange gain	(2,177)	(7,223)
Outgoings in respect of investment properties (excluding hotel property) that generated rental income during the year	1,239	2,221
Operating lease charges in respect of buildings	6,616	6,002
Rental income from investment properties (excluding hotel property) less outgoings	(5,368)	(5,634)

9. FINANCE COSTS

	2013 HK\$'000	2012 HK\$'000
Interest charges on borrowings wholly repayable within five years:		
Bank overdrafts	4	—
Other loan	328	342
Finance leases	196	517
	528	859

10. INCOME TAX EXPENSES

Hong Kong Profits Tax has been provided at the rate of 16.5% (2012: 16.5%) of the estimated assessable profit for the year.



Notes to the Financial Statements

For the year ended 31 March 2013

10. INCOME TAX EXPENSES (Continued)

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

	2013 HK\$'000	2012 <i>HK\$'000</i>
Hong Kong Profits Tax		
– Current year	17,316	21,125
– Over-provision in respect of prior years	(130)	(554)
	17,186	20,571
Deferred taxation (Note 19)		
– Current year	758	(2,531)
	17,944	18,040

Reconciliation between tax expense and accounting profit at applicable tax rates is as follows:

	2013		2012	
	HK\$'000	%	<i>HK\$'000</i>	<i>%</i>
Profit before income tax	202,391		136,690	
Tax on profit before income tax, calculated at the rate of 16.5% (2012: 16.5%)	33,394	16.5	22,554	16.5
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,192)	(1.1)	1,140	0.8
Tax effect of non-taxable revenue	(15,930)	(7.9)	(6,808)	(5.0)
Tax effect of non-deductible expenses	2,899	1.4	1,778	1.3
Over-provision in respect of prior years	(130)	(0.1)	(554)	(0.4)
Others	27	—	132	0.1
Utilization of previously unrecognized tax losses	—	—	(202)	(0.1)
Tax effect on tax reduction	(124)	(0.1)	—	—
Income tax expense and effective tax rate for the year	17,944	8.7	18,040	13.2

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated profit attributable to equity holders of the Company of HK\$182,910,000 (2012: HK\$119,469,000), a profit of HK\$225,751,000 (2012: HK\$172,840,000) has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

For the year ended 31 March 2013

12. DIVIDENDS

(a) Dividends attributable to the year

	2013 HK\$'000	2012 HK\$'000
Interim dividend paid HK2 cents (2012: HK2 cents) per share	47,958	47,958
Special dividend paid HK2 cents (2012: HK9 cents) per share	47,959	215,813
Proposed final dividend HK2 cents (2012: HK2 cents) per share	47,959	47,958
Proposed special dividend HK1 cent (2012: HK1 cent) per share	23,979	23,979
	<u>167,855</u>	<u>335,708</u>

A final dividend of HK2 cents (2012: HK2 cents) per share and special dividend of HK1 cent (2012: HK1 cent) per share have been proposed by the Board of Directors and is subject to the approval by the shareholders in the forthcoming annual general meeting. As such, the proposed dividends have not been recognised as a liability at the end of the reporting period, but reflected as an appropriation of retained earnings for the year ended 31 March 2013.

(b) Dividends recognised as distributions during the year

	2013 HK\$'000	2012 HK\$'000
2011 Final dividend	—	263,771
2012 Interim dividend	—	47,958
2012 Special dividend	—	215,813
2012 Final dividend	47,958	—
2012 Special dividend	23,979	—
2013 Interim dividend	47,958	—
2013 Special dividend	47,959	—
	<u>167,854</u>	<u>527,542</u>

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$182,910,000 (2012: HK\$119,469,000) and on 2,397,917,898 (2012: 2,397,917,898) ordinary shares in issue during the year.

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



Notes to the Financial Statements

For the year ended 31 March 2013

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Fees HK\$'000	Salaries and allowances HK\$'000	Contribution to defined contribution plan HK\$'000	Total HK\$'000
Year ended 31 March 2013				
Executive directors				
Mr. Ching-fat MA	—	19,500	15	19,515
Mr. Ching-choi MA	—	15,600	15	15,615
Mr. Shun-chuen LAM	—	2,594	15	2,609
Non-executive director				
Mr. Dominic LAI	120	—	—	120
Independent non-executive directors				
Mr. Yau-nam CHAM	100	—	—	100
Mr. Ping-wing PAO	115	—	—	115
Mr. Yat-fai LAM	150	—	—	150
	485	37,694	45	38,224
Year ended 31 March 2012				
Executive directors				
Mr. Ching-fat MA	—	19,505	12	19,517
Mr. Ching-choi MA	—	15,605	12	15,617
Mr. Shun-chuen LAM	—	2,606	12	2,618
Non-executive director				
Mr. Dominic LAI	100	—	—	100
Independent non-executive directors				
Mr. Yau-nam CHAM	90	—	—	90
Mr. Ping-wing PAO	100	—	—	100
Mr. Yat-fai LAM	130	—	—	130
	420	37,716	36	38,172

Notes to the Financial Statements

For the year ended 31 March 2013

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

(a) Directors' emoluments *(Continued)*

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

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

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

- (b) The emoluments of the top five individuals during the year included three (2012: three) directors, details of whose emoluments are set out in note 14(a) above. The emoluments payable to the remaining two individuals during the year (2012: two) are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Salaries and other benefits	8,131	8,097
Contribution to defined contribution plan	29	24
	8,160	8,121

The emoluments of them fell within the following bands:

	Number of individuals	
Emolument bands	2013	2012
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$5,500,001 to HK\$6,000,000	1	1

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



Notes to the Financial Statements

For the year ended 31 March 2013

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold building HK\$'000	Plant, machinery and printing equipment HK\$'000	Furniture, fixtures and equipment HK\$'000	Leasehold improvement HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 April 2011						
Cost or valuation	456,000	844,681	118,388	1,212	22,109	1,442,390
Accumulated depreciation and impairment	—	(516,991)	(105,183)	(242)	(16,470)	(638,886)
Net book amount	456,000	327,690	13,205	970	5,639	803,504
Year ended 31 March 2012						
Opening net book amount	456,000	327,690	13,205	970	5,639	803,504
Revaluation surplus	43,886	—	—	—	—	43,886
Additions	—	13,589	3,074	—	1,525	18,188
Disposals	—	(468)	(114)	—	—	(582)
Depreciation	(13,886)	(40,277)	(5,811)	(243)	(2,942)	(63,159)
Exchange difference	—	—	24	—	2	26
Closing net book amount	486,000	300,534	10,378	727	4,224	801,863
At 31 March 2012						
Cost or valuation	486,000	857,802	121,372	1,212	23,636	1,490,022
Accumulated depreciation and impairment	—	(557,268)	(110,994)	(485)	(19,412)	(688,159)
Net book amount	486,000	300,534	10,378	727	4,224	801,863
Year ended 31 March 2013						
Opening net book amount	486,000	300,534	10,378	727	4,224	801,863
Revaluation surplus	131,294	—	—	—	—	131,294
Additions	—	27,864	7,121	3,140	2,116	40,241
Disposals	—	(36)	(30)	—	(40)	(106)
Depreciation	(14,294)	(44,859)	(4,594)	(870)	(2,448)	(67,065)
Exchange difference	—	—	8	—	1	9
Closing net book amount	603,000	283,503	12,883	2,997	3,853	906,236
At 31 March 2013						
Cost or valuation	603,000	869,372	124,673	4,352	21,673	1,623,070
Accumulated depreciation and impairment	—	(585,869)	(111,790)	(1,355)	(17,820)	(716,834)
Net book amount	603,000	283,503	12,883	2,997	3,853	906,236

At 31 March 2013, certain plant, machinery and printing equipment of the Group with a total net book value of HK\$1,819,500 (2012: HK\$470,250) are held under finance lease. The acquisition costs of HK\$2,885,000 (2012: HK\$2,096,000) were non-cash transactions during the year.

Notes to the Financial Statements

For the year ended 31 March 2013

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group (Continued)

The net book value of property shown above comprises:

	2013 HK\$'000	2012 HK\$'000
Leasehold building situated in Hong Kong held under medium-term lease:	603,000	486,000

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

	2013 HK\$'000	2012 HK\$'000
Cost	546,636	546,636
Accumulated depreciation	(142,601)	(130,717)
Net book amount	404,035	415,919

The analysis of carrying value at cost or valuation of the above property, plant and equipment at 31 March 2013 and 2012 is as follows:

	Leasehold building HK\$'000	Plant, machinery and printing equipment HK\$'000	Furniture, fixtures and equipment HK\$'000	Leasehold improvement HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At cost	—	283,503	12,883	2,997	3,853	303,236
At valuation — 2013	603,000	—	—	—	—	603,000
At 31 March 2013	603,000	283,503	12,883	2,997	3,853	906,236
At cost	—	300,534	10,378	727	4,224	315,863
At valuation — 2012	486,000	—	—	—	—	486,000
At 31 March 2012	486,000	300,534	10,378	727	4,224	801,863

The building situated in Hong Kong was revalued individually at 31 March 2013 by Messrs. DTZ Debenham Tie Leung Limited ("DTZ"), independent professional qualified valuer not connected to the Group. DTZ is a member of the Hong Kong Institute of Surveyor. The valuation was arrived at on a depreciated replacement cost basis.



Notes to the Financial Statements

For the year ended 31 March 2013

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

The Group *(Continued)*

The net revaluation surplus of HK\$74,930,000 (2012: net revaluation surplus of HK\$43,886,000), resulting from the above valuation was recognised in the consolidated statement of comprehensive income, being the accumulated impairment made previously now written back on revaluation. In 2013, the revaluation surplus of HK\$47,064,000, net of applicable deferred income tax, was credited to the revaluation reserve in the shareholders' equity.

The Company

	Motor vehicles <i>HK\$'000</i>
At 1 April 2011	
Cost	21,397
Accumulated depreciation	<u>(16,128)</u>
Net book amount	<u><u>5,269</u></u>
Year ended 31 March 2012	
Opening net book amount	5,269
Additions	1,524
Disposals	(1,328)
Depreciation eliminated on disposal	1,328
Depreciation	<u>(2,792)</u>
Closing net book amount	<u><u>4,001</u></u>
At 31 March 2012	
Cost	21,593
Accumulated depreciation	<u>(17,592)</u>
Net book amount	<u><u>4,001</u></u>
Year ended 31 March 2013	
Opening net book amount	4,001
Additions	2,116
Disposals	(2,755)
Depreciation eliminated on disposal	2,716
Depreciation	<u>(2,359)</u>
Closing net book amount	<u><u>3,719</u></u>
At 31 March 2013	
Cost	20,954
Accumulated depreciation	<u>(17,235)</u>
Net book amount	<u><u>3,719</u></u>

Notes to the Financial Statements

For the year ended 31 March 2013

16. LEASEHOLD LAND

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

	The Group	
	2013 HK\$'000	2012 HK\$'000
In Hong Kong held on:		
– Leases of between 10 to 50 years	<u>26,784</u>	<u>27,572</u>
Opening net carrying amount	27,572	28,359
Annual charges of prepaid operating lease payments	(788)	(787)
Closing net carrying amount	<u>26,784</u>	<u>27,572</u>

17. INVESTMENT PROPERTIES

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

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

	The Group	
	2013 HK\$'000	2012 HK\$'000
Carrying amount at 1 April	202,079	301,200
Additions	43,949	1,252
Disposal	–	(88,649)
Exchange difference	1,129	1,012
Fair value adjustments	(12,951)	(12,736)
Carrying amount at 31 March	<u>234,206</u>	<u>202,079</u>

Investment properties situated in Australia were revalued at 31 March 2013 by Messrs. Jeffrey Perkins & Assoc. Property Valuers & Consultants, independent qualified professional valuer not connected to the Group. Messrs. Jeffrey Perkins & Assoc. Property Valuers & Consultants is a member of the Real Estate Institute of New South Wales. The valuations were arrived at by reference to comparable sales evidence as available in the relevant market and where appropriate, by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the respective properties as at 31 March 2013.



Notes to the Financial Statements

For the year ended 31 March 2013

17. INVESTMENT PROPERTIES (Continued)

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

	The Group	
	2013 HK\$'000	2012 HK\$'000
Outside Hong Kong, freehold	234,206	202,079

18. AVAILABLE-FOR-SALE FINANCIAL ASSET

	The Group and The Company	
	2013 HK\$'000	2012 HK\$'000
Club membership, stated at cost	4,745	4,745

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

19. DEFERRED TAXATION

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

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

The Group

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
At 1 April 2011	70,922	(11,914)	(20,030)	(1,906)	37,072
Recognised in profit or loss (Note 10)	(806)	9,836	(10,474)	(1,087)	(2,531)
Exchange differences	—	(107)	(41)	—	(148)
At 31 March 2012 and 1 April 2012	70,116	(2,185)	(30,545)	(2,993)	34,393
Recognised in profit or loss (Note 10)	(413)	3,613	(2,244)	(198)	758
Recognised in other comprehensive income	—	9,300	—	—	9,300
Exchange differences	—	(93)	(156)	—	(249)
At 31 March 2013	69,703	10,635	(32,945)	(3,191)	44,202

Notes to the Financial Statements

For the year ended 31 March 2013

19. DEFERRED TAXATION (Continued)

The Company

	Accelerated tax depreciation HK\$'000
At 1 April 2011	403
Recognised in profit or loss	93
	<hr/>
At 31 March 2012 and 1 April 2012	496
Recognised in profit or loss	(91)
	<hr/>
At 31 March 2013	405
	<hr/> <hr/>

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

	The Group		The Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Deferred tax assets	(51,673)	(48,121)	—	—
Deferred tax liabilities	95,875	82,514	405	496
	<hr/>	<hr/>	<hr/>	<hr/>
	44,202	34,393	405	496
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. These tax losses have no expiry date. The Group has unrecognised tax losses of approximately HK\$30,000 (2012: HK\$1,135,000) due to the unpredictability of the future profit streams

20. INTERESTS IN SUBSIDIARIES

(a) Investment in subsidiaries

	The Company	
	2013 HK\$'000	2012 HK\$'000
Unlisted shares, at cost	1	1
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Notes to the Financial Statements

For the year ended 31 March 2013

20. INTERESTS IN SUBSIDIARIES (Continued)

(a) Investment in subsidiaries (Continued)

Particulars of the principal subsidiaries at 31 March 2013 are as follows:

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

Notes to the Financial Statements

For the year ended 31 March 2013

20. INTERESTS IN SUBSIDIARIES (Continued)

(a) Investment in subsidiaries (Continued)

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

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

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

100% of equity interest indirectly held by the Company

90% of equity interest indirectly held by the Company

* Not audited by HLM CPA Limited.

(b) Amounts due from/(to) subsidiaries

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

21. INVENTORIES

	The Group	
	2013 HK\$'000	2012 HK\$'000
Newsprint and printing materials	88,859	124,010
Spare parts and supplies	23,738	24,575
Others	1,181	1,350
	<u>113,778</u>	<u>149,935</u>

Inventories of HK\$23,738,000 (31 March 2012: HK\$24,575,000) are expected to be recovered after more than twelve months.



Notes to the Financial Statements

For the year ended 31 March 2013

22. TRADE RECEIVABLES

	The Group	
	2013 HK\$'000	2012 HK\$'000
Trade receivables	251,291	234,901
Less: Provision for impairment loss	(2,478)	(2,317)
	<u>248,813</u>	<u>232,584</u>

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

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

	The Group	
	2013 HK\$'000	2012 HK\$'000
0–60 days	109,385	96,860
61–90 days	46,557	41,494
Over 90 days	92,871	94,230
	<u>248,813</u>	<u>232,584</u>

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

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

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

Included in the Group's trade receivables, the carrying amount of HK\$92,871,000 (2012: HK\$94,230,000) are past due but not impaired at the end of the reporting period.

Notes to the Financial Statements

For the year ended 31 March 2013

22. TRADE RECEIVABLES (Continued)

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

	The Group	
	2013 HK\$'000	2012 HK\$'000
91–120 days	35,911	36,376
121–365 days	56,960	55,301
Over 365 days	—	2,553
	<u>92,871</u>	<u>94,230</u>

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

Provision for impairment loss movement:

	The Group	
	2013 HK\$'000	2012 HK\$'000
Balance at 1 April	2,317	2,609
Provision for impairment recognised	724	8
Provision written back	—	(226)
Amounts written off as uncollectible	(563)	(74)
	<u>2,478</u>	<u>2,317</u>



Notes to the Financial Statements

For the year ended 31 March 2013

23. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	The Group	
	2013 HK\$'000	2012 HK\$'000
Other debtors	4,615	3,605
Deposits	8,150	23,989
Prepayments	5,848	5,640
	<u>18,613</u>	<u>33,234</u>

	The Company	
	2013 HK\$'000	2012 HK\$'000
Deposits	70	1,200
Prepayments	1,818	284
	<u>1,888</u>	<u>1,484</u>

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

24. CASH AND BANK BALANCES

	The Group	
	2013 HK\$'000	2012 HK\$'000
Cash at banks and in hand	135,691	136,361
Short-term bank deposits	1,466,112	1,493,254
	<u>1,601,803</u>	<u>1,629,615</u>

	The Company	
	2013 HK\$'000	2012 HK\$'000
Cash at banks and in hand	1,740	1,068

Notes to the Financial Statements

For the year ended 31 March 2013

24. CASH AND BANK BALANCES *(Continued)*

Included in cash and bank balances in the statement of financial position are the following amounts denominated in a currency other than the functional currency of the group entities to which they relate:

	The Group	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
United States Dollars ("US\$")	11,810	130,430
Australian Dollars ("AUD")	2,286	132,146
Renminbi ("RMB")	346	583
Other Currency	194	229
	14,636	263,388

Cash at banks earns interest at floating rates based on daily bank deposits rates. The effective interest rate of short-term bank deposits is ranging from 0.01% to 3.6% (2012: 0.005% to 4.8%) per annum and have a maturity period within one month and are eligible for immediate cancellation without receiving any interest for the last deposit period.

25. TRADE PAYABLES

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

	The Group	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0–60 days	31,923	52,366
61–90 days	794	369
Over 90 days	6,638	1,997
	39,355	54,732



Notes to the Financial Statements

For the year ended 31 March 2013

25. TRADE PAYABLES (Continued)

	The Company	
	2013 HK\$'000	2012 HK\$'000
0–60 days	100	942
61–90 days	22	—
Over 90 days	1,562	150
	<u>1,684</u>	<u>1,092</u>

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

26. OTHER CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

	The Group	
	2013 HK\$'000	2012 HK\$'000
Other creditors	65,290	63,545
Accruals	45,359	51,052
Deposits received	10,419	11,725
	<u>121,068</u>	<u>126,322</u>

	The Company	
	2013 HK\$'000	2012 HK\$'000
Other creditors	2,647	2,367
Accruals	3,547	3,764
	<u>6,194</u>	<u>6,131</u>

Notes to the Financial Statements

For the year ended 31 March 2013

26. OTHER CREDITORS, ACCRUALS AND DEPOSITS RECEIVED *(Continued)*

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

	The Group		
	Long service payment <i>HK\$'000</i>	Litigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2012	34,490	13,092	47,582
Over-provision in respect of prior years	(642)	(4,663)	(5,305)
Reduction arising from payments	(2,481)	—	(2,481)
Balance at 31 March 2013	31,367	8,429	39,796

	The Company Litigation <i>HK\$'000</i>
Balance at 1 April 2012	3,764
Over-provision in respect of prior years	(217)
Balance at 31 March 2013	3,547

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



Notes to the Financial Statements

For the year ended 31 March 2013

27. BORROWINGS

	The Group	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Borrowings wholly repayable within five years:		
– Other loan	8,104	8,468
– Obligations under finance leases	2,639	1,958
	10,743	10,426
Less: Current portion due within one year included under current liabilities		
– Other loan	8,104	8,468
– Obligations under finance leases	795	1,160
	8,899	9,628
Non-current portion included under non-current liabilities		
– Obligations under finance leases	1,844	798

At 31 March 2013 and 2012, other loan denominated in Australian Dollars, which was made by a minority shareholder of a subsidiary of the Company, was unsecured, bearing interest at 4% per annum and repayable on demand.

The carrying amounts of borrowings approximate their fair value.

Notes to the Financial Statements

For the year ended 31 March 2013

27. BORROWINGS (Continued)

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

	Minimum lease payments		Present value of minimum lease payments	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Obligation under finance leases:				
Due within one year	865	1,356	795	1,160
Due in the second to fifth year	1,881	905	1,844	798
	2,746	2,261	2,639	1,958
Less: Future finance charges on finance leases	(107)	(303)		
Present value of lease obligations	2,639	1,958		
Less: Amount due for settlement within one year included under current liabilities			(795)	(1,160)
Amount due for settlement in the second to the fifth year included under non-current liabilities			1,844	798

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.



Notes to the Financial Statements

For the year ended 31 March 2013

28. SHARE CAPITAL

	2013 and 2012	
	Number of shares	HK\$'000
Ordinary shares of HK\$0.25 each		
Authorised:		
At beginning and end of the year	<u>5,000,000,000</u>	<u>1,250,000</u>
Issued and fully paid:		
At beginning and end of the year	<u>2,397,917,898</u>	<u>599,479</u>

29. RESERVES

The Company

	Share premium HK\$'000	Retained profit HK\$'000	Proposed dividends HK\$'000	Total HK\$'000
At 1 April 2011	814,485	1,095,158	263,771	2,173,414
2011 final dividend paid	—	—	(263,771)	(263,771)
2012 interim dividend paid	—	(47,958)	—	(47,958)
2012 special dividend paid	—	(215,813)	—	(215,813)
Proposed 2012 final dividend (Note 12)	—	(47,958)	47,958	—
Proposed 2012 special dividend (Note 12)	—	(23,979)	23,979	—
Total comprehensive income for the year	—	172,840	—	172,840
At 31 March 2012 and 1 April 2012	814,485	932,290	71,937	1,818,712
2012 final dividend paid	—	—	(47,958)	(47,958)
2012 special dividend paid	—	—	(23,979)	(23,979)
2013 interim dividend paid	—	(47,958)	—	(47,958)
2013 special dividend paid	—	(47,959)	—	(47,959)
Proposed 2013 final dividend (Note 12)	—	(47,959)	47,959	—
Proposed 2013 special dividend (Note 12)	—	(23,979)	23,979	—
Total comprehensive income for the year	—	225,751	—	225,751
At 31 March 2013	<u>814,485</u>	<u>990,186</u>	<u>71,938</u>	<u>1,876,609</u>

Notes to the Financial Statements

For the year ended 31 March 2013

30. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group paid legal fees amounting to HK\$1,962,000 (2012: HK\$4,925,000) 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 year. The transaction prices were considered by the Directors as estimated market value.

Besides, the Group paid rental expenses amounting to HK\$1,080,000 (2012: HK\$180,000) as a place of residence for Mr. Derek Hing-kwok MA, a director of the Group's subsidiaries, and a close family member of the Group's Director.

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

31. OPERATING LEASE COMMITMENTS

At 31 March 2013, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2013 HK\$'000	2012 HK\$'000
Within one year	6,438	2,256
In the second to fifth year	3,480	2,473
	9,918	4,729

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

At 31 March 2013 and 2012, the Company had no significant operating lease commitments as lessee.



Notes to the Financial Statements

For the year ended 31 March 2013

32. OPERATING LEASE ARRANGEMENTS

At 31 March 2013, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment properties as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within one year	6,665	4,409
In the second to fifth year	1,100	5,170
	7,765	9,579

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

At 31 March 2013 and 2012, the Company had no operating lease commitments as lessor.

33. CAPITAL COMMITMENTS

	The Group	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment and refurbishment to investment properties, contracted but not provided for in the financial statements	5,273	5,473

At 31 March 2013 and 2012, the Company did not have any significant capital commitments.

34. CONTINGENT LIABILITIES

The Company has executed guarantees amounting to approximately HK\$66,400,000 (2012: HK\$131,000,000) with respect to banking facilities granted to subsidiaries. Under the facilities, the Company would be liable to pay the bank if the bank is unable to recover the loan. At the end of the reporting period, the facilities were utilised to the extent of approximately HK\$10,306,000 (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.

Notes to the Financial Statements

For the year ended 31 March 2013

35. RETIREMENT BENEFIT SCHEME

The employees of the Group in Hong Kong were covered under the MPF Scheme which is a defined contribution scheme and the assets are managed by the trustee. The MPF Scheme is available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions are made by the Group at 5% of the staff's relevant income. The maximum relevant income of each staff for contribution purpose is HK\$25,000 per month. Staff members are entitled to 100% of the Group's contributions plus the accrued returns irrespective of their length of service with the Group, but the benefits are required by law to be preserved until the retirement age of 65.

During the year, contributions to the MPF Scheme amounted to HK\$23,165,000 (2012: HK\$21,255,000).

36. OUTSTANDING LITIGATIONS

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

37. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

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

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. At 31 March 2013, the Group's net debt-to-adjusted capital ratio is zero (2012: zero). For the purpose of calculating the net debt-to-adjusted capital ratio, the Group defines net debt as total liabilities excluding deferred tax liabilities less cash and bank balances, and adjusted capital as all components of equity excluding proposed dividends.



Notes to the Financial Statements

For the year ended 31 March 2013

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

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

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

(a) Currency risk

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

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

	2013			2012		
	<i>RMB'000</i>	<i>US\$'000</i>	<i>AUD'000</i>	<i>RMB'000</i>	<i>US\$'000</i>	<i>AUD'000</i>
Cash and bank balances	287	1,529	282	481	16,802	16,397
Borrowings	—	—	(1,000)	—	—	(1,051)
Net exposure	287	1,529	(718)	481	16,802	15,346

The Company did not have any exposure to foreign currencies at the end of the reporting period (2012: no exposure).

Notes to the Financial Statements

For the year ended 31 March 2013

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

(a) Currency risk (Continued)

Sensitivity analysis

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

	2013		2012	
	Other components of consolidated equity HK\$'000	Profit or loss HK\$'000	Other components of consolidated equity HK\$'000	Profit or loss HK\$'000
AUD	—	229	—	13,215
RMB	—	17	—	29

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next reporting period with reference to the historical trend of Australia Dollars against Hong Kong Dollars and Renminbi against Hong Kong Dollars. 10% strengthening of Australia Dollars against Hong Kong Dollars and 5% strengthening of Renminbi against Hong Kong Dollars at the end of the reporting period would decrease equity and profit or loss by the amount shown above. 10% weakening of Australia Dollars against Hong Kong Dollars and 5% weakening of Renminbi against Hong Kong Dollars would have had the equal but opposite effect on the above currencies to the amounts shown above. The analysis is performed on the same basis for 2012. For currency risk exposure to US Dollars, it is assumed that the pegged rate between the US\$ and Hong Kong Dollars would not be materially affected.



Notes to the Financial Statements

For the year ended 31 March 2013

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

(b) Credit risk

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

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

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Classes of financial assets				
— carrying amounts				
Trade receivables	248,813	232,584	—	—
Other debtors	4,615	3,605	—	—
Amounts due from subsidiaries	—	—	2,475,099	2,413,810
Cash and bank balances	1,601,803	1,629,615	1,740	1,068
	<u>1,855,231</u>	<u>1,865,804</u>	<u>2,476,839</u>	<u>2,414,878</u>

The Group allows an average credit of 90 days to its trade customers and no interest is charged. For the independent customers that had a good track record, the Group allows a longer credit term for them.

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

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

In respect of trade receivables and other debtors, the Group is not exposed to any significant credit risk exposure to any single counterparty. At 31 March 2013, the Group has bank deposits of HK\$1,466,112,000 (2012: HK\$1,493,254,000) in a bank. The credit risk for liquid funds is considered minimal, since the counterparties are reputable banks with high quality of external credit ratings.

Notes to the Financial Statements

For the year ended 31 March 2013

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

(b) Credit risk (Continued)

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

(c) Interest rate risk

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

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

	2013		2012	
	Effective interest rate	HK\$'000	Effective interest rate	HK\$'000
Variable rate bank deposits:				
Bank balances	<u>0.01%–3.6%</u>	<u>1,466,112</u>	<u>0.005%–4.8%</u>	<u>1,493,254</u>

Sensitivity analysis

At 31 March 2013, it is estimated that a general increase/decrease of 10 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax and retained profits by approximately HK\$1,466,000 (2012: HK\$1,493,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments at the end of the reporting period. The 10 basis points increase or decrease represents management's assessment of reasonably possible change in interest rates over the period until the end of next reporting period. The analysis is performed on the same basis for 2012.



Notes to the Financial Statements

For the year ended 31 March 2013

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

(d) Liquidity risk

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

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

	The Group						The Company			
	Contractual undiscounted cash flow						Contractual undiscounted cash flow			
	Carrying amount HK\$'000	Total HK\$'000	On demand HK\$'000	Less than 6 months HK\$'000	6 to 12 months HK\$'000	1 to 5 years HK\$'000	Carrying amount HK\$'000	Total HK\$'000	On demand HK\$'000	Less than 6 months HK\$'000
2013										
Trade payables	39,355	39,355	39,355	—	—	—	1,684	1,684	1,684	—
Other creditors and accruals	110,649	110,649	110,649	—	—	—	6,194	6,194	6,194	—
Borrowings	10,743	10,850	8,104	432	433	1,881	—	—	—	—
Amounts due to subsidiaries	—	—	—	—	—	—	76	76	76	—
	<u>160,747</u>	<u>160,854</u>	<u>158,108</u>	<u>432</u>	<u>433</u>	<u>1,881</u>	<u>7,954</u>	<u>7,954</u>	<u>7,954</u>	<u>—</u>
Financial guarantees issued										
Maximum amount guaranteed	—	—	—	—	—	—	—	10,306	—	10,306
2012										
Trade payables	54,732	54,732	54,732	—	—	—	1,092	1,092	1,092	—
Other creditors and accruals	114,597	114,597	114,597	—	—	—	6,131	6,131	6,131	—
Borrowings	10,426	10,729	8,468	678	678	905	—	—	—	—
Amounts due to subsidiaries	—	—	—	—	—	—	1	1	1	—
	<u>179,755</u>	<u>180,058</u>	<u>177,797</u>	<u>678</u>	<u>678</u>	<u>905</u>	<u>7,224</u>	<u>7,224</u>	<u>7,224</u>	<u>—</u>
Financial guarantees issued										
Maximum amount guaranteed	—	—	—	—	—	—	—	22,228	—	22,228

(e) Fair value

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

Notes to the Financial Statements

For the year ended 31 March 2013

38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(Continued)

(f) Summary of financial assets and liabilities by category

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

	The Group		The Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Financial assets				
Available-for-sale financial assets	4,745	4,745	4,745	4,745
Loans and receivables:				
Trade receivables	248,813	232,584	—	—
Other debtors	4,615	3,605	—	—
Amounts due from subsidiaries	—	—	2,475,099	2,413,810
Cash and bank balances	1,601,803	1,629,615	1,740	1,068
	<u>1,859,976</u>	<u>1,870,549</u>	<u>2,481,584</u>	<u>2,419,623</u>
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade payables	39,355	54,732	1,684	1,092
Other creditors and accruals	110,649	114,597	6,194	6,131
Amounts due to subsidiaries	—	—	76	1
Borrowings	10,743	10,426	—	—
	<u>160,747</u>	<u>179,755</u>	<u>7,954</u>	<u>7,224</u>



Five Year Financial Summary

	For the year ended 31 March				
	2009	2010	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<u>1,637,522</u>	<u>1,567,277</u>	<u>1,589,356</u>	<u>1,505,126</u>	<u>1,457,461</u>
Profit attributable to equity holders of the Company	<u>379,972</u>	<u>307,492</u>	<u>291,277</u>	<u>119,469</u>	<u>182,910</u>
	2009	2010	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	2,994,786	3,243,369	3,532,320	3,154,387	3,219,977
Total liabilities	(222,880)	(251,304)	(246,641)	(277,446)	(274,524)
Non-controlling interests	(1,714)	(2,668)	(1,816)	(1,001)	(2,570)
Equity attributable to owners of the Company	<u>2,770,192</u>	<u>2,989,397</u>	<u>3,283,863</u>	<u>2,875,940</u>	<u>2,942,883</u>

Schedule of Major Properties

Details of the Group's major properties as at 31 March 2013 are as follows:

Land and buildings

Location	Approximate floor area	Category	Lease term	Group interest	Existing use
Oriental Press Centre 23 Dai Cheong Street Tai Po Industrial Estate Tai Po Hong Kong	490,000 Sq ft	Industrial	Medium-term	100%	Own use
Aspire Hotel 383 Bulwara Road Ultimo 2007 Sydney Australia	24,000 Sq ft (site area)	Commercial	Freehold	90%	Operating hotel business by licensee
Rodeo Plaza 2 Short Street Double Bay NSW Australia	8,000 Sq ft	Commercial	Freehold	100%	Investment property
29-33 Bay Street Double Bay NSW Australia	4,800 Sq ft	Commercial	Freehold	100%	Investment property
35-39 Bay Street Double Bay NSW Australia	8,000 Sq ft	Commercial	Freehold	100%	Investment property

