2017

ORIENTAL PRESS GROUP LTD

ANNUAL REPORT

(Stock Code:18)

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ching-fat MA, BBS
Chairman

Mr. Ching-choi MA
Vice Chairman

Mr. Shun-chuen LAM
Chief Executive Officer

Non-executive Director

Mr. Dominic LAI

Independent Non-executive Directors

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

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Yat-fai LAM *(Chairman)*
Mr. Shun-chuen LAM
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. Wai-chi LEUNG

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
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited 18

CONTACT INFORMATION

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Fax: +852 3600 1100
e-mail: finance@on.cc

Management Discussion and Analysis

RESULTS

For the year ended 31 March 2017 (the "Reporting Year"), the audited consolidated profit attributable to owners of Oriental Press Group Limited (the "Company") amounted to HK$163,889,000. As compared to the same period last year, the profit increased HK$109,277,000 representing a rise of 200%, which was mainly due to the effective implementation of various cost-saving measures and the increase in valuations of the Group's Australian investment properties.

FINANCIAL RESOURCES AND LIQUIDITY

The Company, together with its subsidiaries, (collectively, the "Group") always maintains a strong liquidity. The working capital as at 31 March 2017 amounted to approximately HK$1,684,180,000 (2016: HK$1,844,045,000), which includes time deposits, bank balances and cash amounting to approximately HK$1,575,157,000 (2016: HK$1,735,602,000). As at 31 March 2017, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.4% (2016: 0.4%).

During the Reporting Year, the Group's capital expenditure was approximately HK$28,832,000 (2016: HK$12,299,000).

CONTINGENT LIABILITY

As at 31 March 2017, the Group had no material contingent liability.

DIVIDENDS

The directors of the Company (the "Director(s)") recommend a final dividend of HK4 cents (2016: HK1 cent) per share of the Company (the "Share(s)") and special dividend of HK2 cents (2016: HK2 cents) per Share for the Reporting Year, payable to the shareholders of the Company (the "Shareholder(s)") whose names appear on the Register of Members of the Company on 22 August 2017. Together with the paid interim dividend of HK2 cents (2016: HK1 cent) per Share and special dividend of HK8 cents per Share (2016: Nil), the dividends for the year amount to HK16 cents (2016: HK4 cents) per Share. The proposed final dividend and special dividend will be payable on or around 4 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 10 August 2017 to 16 August 2017 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending the annual general meeting of the Company ("AGM") to be held on 16 August 2017 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 9 August 2017.

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 22 August 2017. The Register of Members of the Company will be closed on 22 August 2017. 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 21 August 2017.

Management Discussion and Analysis

BUSINESS PERFORMANCE AND BUSINESS OUTLOOK

Review of business performance of the Group during the Reporting Year and the Group's business outlook are disclosed in the section headed "Business Review" of the Directors' Report in this Annual Report.

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 currency giving rise to this risk is primarily 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group employed 1,548 (2016: 1,667) 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 32 to the Consolidated Financial Statements.

On behalf of the Board

Ching-fat MA
Chairman

Hong Kong, 23 June 2017

Directors' Report

The directors of Oriental Press Group Limited (the "Director(s)") present their report and the audited consolidated financial statements of Oriental Press Group Limited (the "Company") and its subsidiaries (the "Subsidiaries") (collectively, the "Group") for the year ended 31 March 2017 (the "Reporting Year") (the "Consolidated Financial Statements").

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 36 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 34 of this annual report of the Company for the Reporting Year (the "Annual Report").

The states of affairs of the Group and of the Company as at 31 March 2017 are set out in the consolidated statement of financial position on pages 35 to 36 and the statement of financial position of the Company on page 85 of this Annual Report respectively.

The consolidated statement of cash flows for the Reporting Year is set out on page 37 of this Annual Report.

The Board of Directors (the "Board") recommends a final dividend of HK4 cents per share of the Company (the "Share") and special dividend of HK2 cents per Share payable to the shareholders of the Company (the "Shareholder(s)"), whose names appear on the Register of Members of the Company on 22 August 2017, which is expected to amount to HK$143,875,074 in aggregate.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Year are set out in Note 14 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the changes in the share capital of the Company during the Reporting Year are set out in Note 27 to the Consolidated Financial Statements.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the Reporting Year are set out in the consolidated statement of changes in equity on page 38 of this Annual Report and Note 38 to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves including the proposed dividends of the Company as at 31 March 2017 calculated under section 297 of the Companies Ordinance amounted to HK$967,967,000 (2016: HK$1,053,395,000).

Directors' Report

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 89 of this Annual Report.

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

During the Reporting Year, neither the Company nor any of the Subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DONATIONS

During the Reporting Year, the Group made charitable and other donations amounting to approximately HK$12,000.

BUSINESS REVIEW

"Oriental Daily News" continues to be the best-selling and most widely read newspaper in Hong Kong, and has been so for the last 41 consecutive years. It is truly "The Paper for Hong Kong". During the Reporting Year, "Oriental Daily News" far exceeded its competitors in terms of both distribution and advertisement, reinforcing its leading position in the industry. With highly authoritative news reports and commentary articles, "Oriental Daily News" played the role of the Fourth Estate in monitoring the government, and capitalised on consensus to improve people's livelihood, drawing extensive praises. The sales of "Oriental Daily News" remained unaffected despite the increase of its retail price to HK$8 from 19 February 2017, generating more revenue from distribution for the Group.

"on.cc", the flagship online portal of the Group, is also the news portal with the largest number of page views and the longest time of viewing in Hong Kong, of up to 5.59 million monthly unique visitors and more than 6.8 million downloads of mobile applications. "on.cc" provides fast and detail news, covering a variety of topics. During the Reporting Year, "on.cc" launched the mobile version of its website to better cater for the need of mobile platform users to access to real-time news. In December 2016, "on.cc Superstar", an entertainment information mobile application, was integrated into the entertainment column of "on.cc", enriching the contents of "on.cc". In January 2017, "on.cc" included a 360-degree panoramic function to capture live shows, bringing epoch-making all-round experience in news and information. "Racecourse Boss", which was launched by "on.cc", provides netizens with information on horse racing and analytic data, and it has become one of the most popular horse racing mobile applications in Hong Kong, with the number of users and its income growing continuously. For years, "on.cc" has been partnering with international search engines and social platforms such as Google, Yahoo, and Facebook. Numerous news stories reported by "on.cc" widely circulated on the Internet and social networks, while the page views and audience have kept reaching record highs, thereby further extending the reach of "on.cc".

"ontv", an online television, provides real-time news videos on a 24-hour basis. With a view to expanding its market and achieving further penetration of users, "ontv" produced diversified programmes during the Reporting Year. Of these, current affairs programmes "Wong's Commentaries" (阿王辣爆) and "Kong Gu" (港•故) gave rise to enthusiastic discussions. In addition, "ontv" joined hands with Facebook, a social platform, to broadcast major events synchronically, including the Legislative Council Election, the Mini-storage Fire, the Imprisonment of Donald Tsang, the Legislative Council Oath-taking Controversy and the MTR Arson Attack, providing netizens with detail first-hand news. As a forerunner of online television in Hong Kong, "ontv" pioneers live online broadcasting of sports events including football, basketball, boxing and ice hockey games. "ontv" is also the first online television to obtain authorisation from The Hong Kong Jockey Club to make live report on Mark Six. It has also been authorised by the Hong Kong Football Association to live-broadcast "Hong Kong Premier League" for two consecutive years, marking a new milestone for new media.

Directors' Report

With its real-time stock quote and 24-hour global news coverage which transcends distance, "Money18" is one of the financial information websites with the highest page views in Hong Kong. The number of downloads of the Android application of "Money18" at Google's Play Store exceeded 1 million, making it one of the few financial mobile applications which recorded 1 million downloads. Taking into account the downloads on other platforms, the number of downloads of "Money18" exceeded 1.7 million, demonstrating the popularity and market leadership of the application. Following the "Shanghai-Hong Kong Stock Connect", "Shenzhen-Hong Kong Stock Connect" was launched in December 2016. "Money18" added two dedicated sections, namely "Shenzhen Stock Connect" (深股通) and "Hong Kong Stock Connect (Shenzhen)" (港股通(深)), to provide real-time quote, news and analysis of the stock markets of Hong Kong and Shenzhen, with a view to help investors with timely opportunities.

The Group generates its revenue mainly from newspaper publishing. During the Reporting Year, given the lingering uncertainties in the global economy, and the impact on the local consumer market resulted from the depreciation of Renminbi and the decrease in the number of Mainland visitors, customers had reduced their advertising budgets to cope with the weakness in the consumer market. The Group was unable to make any significant breakthrough in its turnover as the advertisements for high-end consumer goods including properties and financial investment has noticeably because of the property cooling measures taken by the government and the weakening investor sentiment. Separately, as advertising income kept flowing to other new media, despite the Group's proper cost control and the satisfactory growth of distribution revenue of "Oriental Daily News", the overall revenue from the printed media business decreased to HK$871,205,000, representing a decline of approximately 19% as compared with the same period of last Reporting Year. With a view to minimizing such risks, the Group had taken steps to enhance the resilience of "Oriental Daily News" in the market by undertaking cost control measures and adjusting its investment strategies and allocation of resources. To compensate for the stagnancy in the business of traditional printed news media, the Group's new media witnessed outstanding development. As the online advertising technology becomes increasingly sophisticated, online advertising has become the most popular choice for advertisers. The overall revenue of relevant business for this Reporting Year rose to HK$106,753,000, representing an increase of approximately 44% as compared with the same period last Reporting Year. To sum up, the performance of the Group's publishing business was fairly satisfactory. In acknowledgement of the employees' efforts in the past year, the Group paid special bonus in the sum of approximately HK$17,371,000 during the Reporting Year.

In relation to the Group's overseas investments, each of the Group's rental properties overseas recorded satisfactory return, and has been generating steady rental income. With the completion of the fitting-out works for Metro Aspire Hotel Sydney in early 2017, the project will generate additional license fee income of AUD700,000 for the Group each year. Therefore, license fee income from hotel property rose by 70% as compared with the same period last year. During the Reporting Year, the valuations in the Group's Australian investment properties in average increased by 44% as compared with the same period last year, making a substantial rise to HK$74,664,000 in the fair value adjustment to the Group's investment properties.

The money lending business has been generating steady interest income for the Group since its launch last year. The loan interest income amounted to HK$1,060,000 during the Reporting Year, representing a rate of return of approximately 5.6%, with no bad debts recorded. The money lending business has helped the Group to diversify its business successfully.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board considers that effective environmental protection measures will not only contribute to environmental protection but also reduction of the production costs. Over the years, the Group has implemented various measures to reduce wastes and pollution and to effectively and efficiently use the resources.

In respect of reduction of wastes and pollution, the emissions, such as chemical wastes, waste water, waste paper and exhaust, during the operation of the Group are mainly from production plants, staff canteen and vehicles fleet. Chemical wastes produced by the plants are collected and treated properly by licensed waste collectors regularly and waste paper are collected by qualified contractors. As to the staff canteen, waste water is discharged after grease trap procedures. The Group engages qualified contractors to collect grease trap wastes and transport them to landfills designated by the Hong Kong government on a regular basis. In respect of the vehicles fleet, qualified contractors have been retained to collect waste lubricating oil for disposal at the sites approved by Hong Kong government on a regular basis. The Group has used all the shuttle buses meeting EU 5 emission standards.

In relation to the efficient use of resources, the Group has introduced various energy conservation measures in the plants, offices and staff canteen, including:

(i) adjusting the operation of central air-conditioning in seasons to reduce electricity consumption and installation of energy-efficient T5 fluorescent tubes or electricity-saving fluorescent tubes on each floor to save energy;

(ii) using automatic water faucets in the washrooms in the plants and offices to control the water consumption effectively;

(iii) facilitating paperless office with more frequent use of electronic forms, electronic photo-picking system and recycled papers. Intranet is used for internal communication purpose, so as to reduce paper use and increase administration efficiency;

(iv) used printer cartridges are delivered to suppliers for recycling;

(v) the technology department makes extensive use of virtual server architecture to effectively reduce electricity consumption and heat emission;

(vi) using non-disposable tableware in staff canteen, and encouraging employees to treasure food and reduce food wastes; and

(vii) during newspaper production, supervisor of the department exercises stringent supervision and control on the efficient use of newsprint.

During the Reporting Year, the measures introduced and implemented by the Group for pollution reduction and efficient use of resources achieved the expected results. Management will from time to time review the effectiveness of such measures and monitor the implementation of the relevant environmental protection measures by the departments.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

On the Group's business and operation levels, in additional to the information obtained by the News Department, the Group obtains news all over the world through major overseas news agencies. Before using any other information or photo, the Group identifies the copyright owner and ascertains the ownership of the relevant copyright work and obtains consent from the copyright owner. Besides, if any advertisement placed by the advertiser, contents of which may have involved issues relating to the compliance with the applicable laws, rules, regulations or other legal matters, such advertisement shall be pre-vetted by the Legal Department of the Group before acceptance of publication.

As to protect the personal data collected by the Group during its operation, the Group keeps reminding the employees of and emphasising the importance of safeguarding the security of personal data (privacy). When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance (the "Privacy Ordinance") and the guidelines issued by the Office of the Privacy Commissioner for Personal Data, Hong Kong, with a view to protecting the privacy. The Group also has measures designate to prevent the unauthorized access to personal data.

In relation to the human resources, the Group is committed to comply with the requirements of the applicable laws and regulations, such as the Privacy Ordinance, ordinances against disability, sex, family status and races discriminations, the Employment Ordinance, the Minimum Wage Ordinance and the ordinances applicable to occupational safety of employees of the plants, in respect of recruitment or daily works of the employees so as to safeguard the benefits and interests of the Group's employees. The Group also values good conduct of the employees and has set out clear guidelines to prevent bribery and to regulate the acceptance of benefits by the employees. The Group also, at appropriate time, issues internal notices to remind the employees to avoid involving in bribery and conduct of improper acceptance of benefits.

On the corporate level, the Group continuously complies with the requirements under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Securities and Futures Ordinance (the "SFO"), such as disclosure of information, corporate governance and Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code"). The Inside Information Committee of the Board is delegated to deal with the handling and disclosure of the "Inside Information" under the SFO.

During the Reporting Year, there was no material and significant breach of or non-compliance with the applicable laws and rules by the Group.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands that outstanding employees are valuable assets that help the Group grab every opportunity that arises. With a view to retaining talents, the Group will develop and give incentives to its employees based on their performance and productivity and has implemented a training scheme to groom a new generation of journalists providing employees with work related training and systematic training courses under appropriate guidance given by senior employees. The Group has also provided the employees of the administrative departments with relevant courses and seminars to enable them to grasp the work-related knowledge, skills and attitude in order to keep abreast of the latest trend.

The Group holds staff annual dining party and distributes gifts to employees at festivals. During the Reporting Year, some employees were given bonuses in recognition of excellent performance.

For the Reporting Year, the employee voluntary turnover rate of the Group was approximately 12.5%.

The key customers of the Group include the advertisers and the advertising agents (the "Advertisers") and readers of the Group's newspaper and websites (the "Readers"). Quality contents and wide readership of the Group's newspaper and websites provide effective promotional and marketing platforms to the Advertisers. Most of the Advertisers have established long term business relationship with the Group which ensures steady advertising income of the Group. During the Reporting Year, there was no material and significant dispute between the Group and the Advertisers. As to the Readers, the Group offers telephone hotline and email address to enable the Readers to express their views on the quality of the newspaper and the news contents and the Group will deal with their views on individual cases basis.

The key suppliers of the Group are the producers or suppliers of newsprint and printing materials (the "Suppliers"). The Group has established long term, good and firm business relationship with the Suppliers which does help to ensure steady supply and the quality stability of the printing materials. During the Reporting Year, there was no material and significant dispute between the Group and the Suppliers.

BUSINESS OUTLOOK

Though the Group is currently facing the challenge posed by the change in the model of the advertising market, the Board believes that with "Oriental Daily News" being the best-selling newspaper in Hong Kong and "on.cc" having the highest page views in Hong Kong, the Group is able to manage this risk. It is expected that the global political unrest will continue, weighing down economic development. However, quality news and information are particularly important and valuable given the complex and ever-changing global political structure. The Group will capitalise on the reputation and influence of "Oriental Daily News" and "on.cc" to take up greater market shares. The Group will use a cross-platform model to lock on customers' advertising budgets and provide customers with different types of advertising plans. On the other hand, production costs including newsprint and printing ink are expected to rise to a certain extent in the coming year. The Group will take measures including restructuring and resources allocation to control costs and increase its operating efficiency.

In line with the new trends of the media in the future, the Group will continue to focus on the development of "on.cc" and "ontv". In addition to researching and developing different types of advertisements in the new media, the Group will utilise new technologies extensively to expand into other digital businesses, with a view to expanding its product portfolio and increasing its revenue. The Board believes that online television will have unlimited room for development. In addition to providing netizens with live news and sports events, "ontv", with its potential and strength, will produce a larger number of diversified programmes and explore opportunities to cooperate with customers. It is believed that the Group will be able to make some significant breakthroughs in the year ahead.

The market demand for mortgage loans has been strong as the property market of Hong Kong has kept setting record highs in recent years. The Group will continue to select quality customers based on a prudent principle, so as to balance risks while seeking high returns. The Group will consider partnering with intermediaries of excellent credit standing to expand the portfolio of the money lending business.

The Group is actively sourcing new investment projects, including the fields in real estate or hotels, with a view to further diversifying its business. The Board is cautiously optimistic on the Group's performance for the forthcoming year.

Directors' Report

DIRECTORS

The Directors in office during the Reporting Year and up to the date of this Directors' 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. Shun-chuen LAM, 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 (the "AGM") of the Company.

DIRECTORS OF SUBSIDIARIES

The Directors are in the opinion that due to the number of directors of the Subsidiaries and the number of the Subsidiaries, disclosure of the names of all the directors of the Subsidiaries and all the Subsidiaries in this Directors' Report would be of excessive length. Therefore, the information on the directors' names of the Subsidiaries and the Subsidiaries are available at http://opg.on.cc/en/subsidiaries2017.pdf.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules on the Stock Exchange during the Reporting Year. The Company has adopted most of the recommended best practices stated therein.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") was established in compliance with Rules 3.21 of the Listing Rules on the Stock Exchange. It has reviewed the accounting principles and practices adopted by the Group and this Annual Report. The Audit Committee comprises two independent non-executive Directors and one non-executive Director.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

CONNECTED TRANSACTIONS

During the Reporting Year, the Company did not have any connected transactions which were subject to the requirements of the Listing Rules on the Stock Exchange. Other transactions which were exempt from the Listing Rules on the Stock Exchange requirements are disclosed in Note 28 to the Consolidated Financial Statements.

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 Reporting Year.

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 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 as at 31 March 2017 were as follows:

Interests in the Company

		Number of ordinary Shares held					
Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests (Long Position)	Note	Percentage of shareholding
Ching-fat MA	Founder of a discretionary trust	–	–	–	1,552,651,284	(i)	64.75%
	Founder of a discretionary trust	–	–	–	95,916,000	(ii)	4.00%
	Beneficiary of a discretionary trust	–	–	–	149,870,000	(iii)	6.25%
Ching-choi MA	Founder of a discretionary trust	–	–	–	149,870,000	(iv)	6.25%
	Beneficiary of a discretionary trust	–	–	–	95,916,000	(v)	4.00%

Notes:

(i) Mr. Ching-fat MA is the founder of Marsun Trust, and Marsun Group Limited, as the trustee of Marsun Trust, indirectly holds 57.3% interest in Magicway Investment Limited and the entire issued share capital of Ever Holdings Limited. Magicway Investment Limited and Ever Holdings Limited in turn hold 1,222,941,284 Shares and 329,710,000 Shares respectively. 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.

(ii) Mr. Ching-fat MA is also the founder of A & N Trust, and Natural Skyline Limited, as the trustee of A & N Trust, holds the entire issued share capital of Prosper Time Trading Limited. Prosper Time Trading Limited in turn holds 95,916,000 Shares. Mr. Ching-fat MA, as the founder of A & N Trust, is deemed to be interested in the same parcel of Shares comprised in the trust assets of A & N Trust under the SFO.

(iii) Mr. Ching-fat MA is one of the beneficiaries of CF Trust, and China Access (Hong Kong) Limited, as the trustee of CF Trust, holds the entire issued share capital of Perfect Deal Trading Limited. Perfect Deal Trading Limited in turn holds 149,870,000 Shares. Mr. Ching-fat MA, as one of the beneficiaries of CF Trust, is deemed to be interested in the same parcel of Shares comprised in the trust assets of CF Trust under the SFO.

(iv) Mr. Ching-choi MA is the founder of CF Trust, and China Access (Hong Kong) Limited, as the trustee of CF Trust, holds the entire issued share capital of Perfect Deal Trading Limited. Perfect Deal Trading Limited in turn holds 149,870,000 Shares. Mr. Ching-choi MA, as the founder of CF Trust, is deemed to be interested in the same parcel of Shares comprised in the trust assets of CF Trust under the SFO.

(v) Mr. Ching-choi MA is one of the beneficiaries of A & N Trust, and Natural Skyline Limited, as the trustee of A & N Trust, holds the entire issued share capital of Prosper Time Trading Limited. Prosper Time Trading Limited in turn holds 95,916,000 Shares. Mr. Ching-choi MA, as one of the beneficiaries of A & N Trust, is deemed to be interested in the same parcel of Shares comprised in the trust assets of A & N 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 or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein as at 31 March 2017.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in Note 28 to the Consolidated Financial Statements, there were no contracts of significance to which the Company or any of the Subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisting at the end of the Reporting Year or at any time during the Reporting Year.

DIRECTORS' SERVICE CONTRACTS

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, each Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has maintained directors' liability insurance which is in force throughout the Reporting Year and up to the date of this Annual Report to provide appropriate insurance cover for the Directors.

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 2017 were as follows:

Interests in the Company

Name	Capacity	Number of ordinary Shares (Long Position)	Note	Percentage of shareholding
Marsun Group Limited	Trustee	1,552,651,284	(i)	64.75%
Marsun Holdings Limited	Interest of controlled corporations	1,552,651,284	(ii)	64.75%
Magicway Investment Limited	Beneficial owner	1,222,941,284		51.00%
Ever Holdings Limited	Beneficial owner	329,710,000		13.75%
China Access (Hong Kong) Limited	Trustee	149,870,000	(iii)	6.25%
Perfect Deal Trading Limited	Beneficial owner	149,870,000		6.25%
Mui-fong HUNG	Interest of spouse	1,798,437,284	(iv)	75.00%
Maria Lai-chun CHAN	Interest of spouse	245,786,000	(v)	10.25%

Notes:

(i) Marsun Group Limited, as the trustee of Marsun Trust, holds 57.3% interest in Magicway Investment Limited and the entire issued share capital of Ever Holdings Limited through its wholly-owned subsidiary, Marsun Holdings Limited. Magicway Investment Limited and Ever Holdings Limited in turn hold 1,222,941,284 Shares and 329,710,000 Shares respectively. 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.

(ii) Marsun Holdings Limited holds 57.3% interest in Magicway Investment Limited and the entire issued share capital of Ever Holdings Limited and is, by virtue of its interest in Magicway Investment Limited and Ever Holdings Limited, deemed to be interested in the same parcel of Shares in which Magicway Investment Limited and Ever Holdings Limited are interested.

(iii) China Access (Hong Kong) Limited, as the trustee of CF Trust, holds the entire issued share capital of Perfect Deal Trading Limited. Perfect Deal Trading Limited in turn holds 149,870,000 Shares. China Access (Hong Kong) Limited, as the trustee of CF Trust, is deemed to be interested in the same parcel of Shares comprised in the trust assets of CF Trust under the SFO.

(iv) 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, A & N Trust and CF Trust under the SFO as Mr. Ching-fat MA is the founder of Marsun Trust and A & N Trust and also one of the beneficiaries of CF Trust and a Director.

(v) Ms. Maria Lai-chun CHAN, as the spouse of Mr. Ching-choi MA, is deemed to be interested in the same parcel of Shares comprised in the trust assets of CF Trust and A & N Trust under the SFO as Mr. Ching-choi MA is the founder of CF Trust and also one of the beneficiaries of A & N Trust and a Director.

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 2017.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this Directors' Report, based on the 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 Reporting Year, the five largest customers of the Group accounted for approximately 49% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer amounted to approximately 24%.

The percentage of purchases attributable to the Group's five largest suppliers is approximately 74% of the Group's total purchases for the Reporting Year and the percentage of purchases attributable to the Group's largest supplier amounted to approximately 41%.

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 Shares) has an interest in the share capital of any of those customers or suppliers.

AUDITOR

The consolidated financial statements for the Reporting Year have been audited by HLM CPA Limited who will retire and seek for re-election at the forthcoming AGM of the Company.

On behalf of the Board

Ching-fat MA
Chairman

23 June 2017

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ching-fat MA, *BBS*, aged 57, 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 and Perfect Deal Trading Limited, all of which have an interest in the Shares 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 55, 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 for the period 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, China Access (Hong Kong) Limited and Perfect Deal Trading Limited, all of which have an interest in the Shares 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 68, 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, Nomination 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 Mr. Ching-fat MA and Mr. Ching-choi MA.

NON-EXECUTIVE DIRECTOR

Mr. Dominic LAI, aged 70, 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, Iu, Lai & Li, the 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 70, has been appointed as 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. He obtained his Bachelor degree in Science from St. Mary's University, Bachelor degree in Engineering (Electrical) from Nova Scotia Technical College and Master degree in Business Administration 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 69, has been a Director since July 1987 and is currently an independent non-executive Director, 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 Zhuzhou CRRC Times Electric Co., Ltd., Capital Environment Holdings Limited, Maoye International Holdings Limited, Soundwill Holdings Limited and Sing Lee Software (Group) Limited, all of which are public companies listed on the Stock Exchange. Besides, Mr. PAO resigned as an independent non-executive director of Tonking New Energy Group Holdings Limited, a public company listed on the Stock Exchange, with effect from 13 March 2017. 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 years, 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 51, has been an independent non-executive Director since September 2004. He is also the chairman of the Audit Committee, Remuneration Committee, 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, a public company listed on the Stock Exchange. Mr. LAM is a Certified Public Accountant (Practising). He is a fellow member of the Hong Kong Institute of Certified Public Accountants and of the Association of Chartered Certified Accountants. He worked with Kwan Wong Tan & Fong and Deloitte Touche Tohmatsu for over 10 years and has over 27 years of experience in auditing, taxation, corporate finance and accounting.

The executive Directors are also senior management members of the Group.

Corporate Governance Report

CORPORATE GOVERNANCE

Oriental Press Group Limited (the "Company") is committed to maintain a high standard of corporate governance practices to safeguard the interests of the shareholders of the Company (the "Shareholders") and enhance the performance of the Company and its subsidiaries (collectively, the "Group"). 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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2017 (the "Reporting Year"). The Company has adopted most of the recommended best practices stated therein.

BOARD OF DIRECTORS

The board (the "Board") of Directors (the "Director(s)") of the Company 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 risk management, 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 the Shareholders and the Group.

The Board has adopted the Board diversity policy (the "Board Diversity Policy") with a view to achieving a sustainable and balanced development of the Company. The Company views the increasing Board diversity as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In determining the composition of the Board, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service are taken into account in respect of the diversity of the Board. All Board appointments will be based on meritocracy and candidates will be selected based on objective criteria, having due regard for the benefits of diversity of the Board. Final decisions to be made by the Board will be based on each candidate's attributes and contributions to be made to the Board. The nomination committee of the Board (the "Nomination Committee") monitors the implementation of the Board Diversity Policy, reviews the Board Diversity Policy as and when appropriate and recommends any revisions for the Board's approval.

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 has received such confirmations from all independent non-executive Directors and 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 their independence. During the Reporting Year, each non-executive Director entered into a letter of appointment with the Company for a term of 3 years, subject to retirement by rotation once at least every 3 years in accordance with the Company's Articles of Association at the Company's annual general meeting (the "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. According to A.4.3 of the Code, further appointment of an independent non-executive director who serves more than 9 years should be subject to a separate resolution to be approved by shareholders. Mr. Ping-wing PAO and Mr. Yat-fai LAM, who are independent non-executive Directors and have served the Board for more than 9 years, will retire by rotation and offer themselves for re-election at the Company's forthcoming AGM in 2017. The re-elections of Mr. Ping-wing PAO and Mr. Yat-fai LAM as independent non-executive Directors will be considered by a vote on separate resolutions at the Company's forthcoming AGM.

To the best knowledge of the Company, except for: (i) the relationship between the Directors as disclosed in the "Biographical Details of Directors and Senior Management" of this Annual Report; and (ii) interests as set out in the sections headed "Directors' and Chief Executive's Interests and Short Positions" and "Disclosable Interests and Short Positions of Shareholders under the SFO", respectively, in the "Directors' Report" of this Annual Report, there is no other financial, business, family or other material/relevant relationship between the Board members.

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 responsibilities for the functioning of the Board, by ensuring its effective operation, and ensuring good corporate governance practices and procedures being in place and maintained, while the CEO bears executive responsibility for the management of the day-to-day operations of the Group.

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 Code and disclosure in the Corporate Governance Report.

BOARD MEETINGS

Regular Board meetings are held at least 4 times a year by the Company at approximately quarterly intervals. The company secretary of the Company (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 3 days prior to the meeting for their review. All Directors were given opportunity to include matters in the agenda that they would like to discuss at the meeting. The Company Secretary shall record matters considered by the Board and maintains the minutes of meetings. Draft minutes of the Board meetings will be circulated to the Directors for their comment within reasonable time after the Board meeting is held and copies of final version of the minutes will also be sent to all Directors for information and record. The Board committees will also adopt and follow the foregoing procedures for the Board committee meetings.

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

For the Reporting Year, the attendance of the Board meetings, the Board committees' meetings and the AGM are as follows:

	Name of Directors	Board Meetings	Audit committee of the Board (the "Audit Committee") Meetings	Remuneration committee of the Board (the "Remuneration Committee") Meeting	Nomination Committee Meeting	AGM
				Meetings attended/held		
*	Mr. Ching-fat MA, *BBS*	4/4	–	–	–	1/1
*	Mr. Ching-choi MA	4/4	–	–	–	1/1
*	Mr. Shun-chuen LAM	4/4	–	–	1/1	1/1
^	Mr. Dominic LAI	4/4	2/2	–	–	1/1
#	Mr. Yau-nam CHAM	4/4	-	–	–	1/1
#	Mr. Ping-wing PAO, *JP*	4/4	2/2	1/1	1/1	1/1
#	Mr. Yat-fai LAM	4/4	2/2	1/1	1/1	1/1

* Executive Director
^ Non-executive Director
# Independent Non-executive Director

During the Reporting Year, the Board convened 4 meetings and conducted, inter alia, the following activities:

(i) to approve the interim and annual reports, and matters necessary to be considered at the AGM;

(ii) to review the overall performance and financial position of the Group; and

(iii) to review and approve corporate strategies of the Group.

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

SENIOR MANAGEMENT MEMBERS' EMOLUMENTS

Details of the Directors' emoluments for the year are set out in Note 39(a) to the Consolidated Financial Statements on pages 87 and 88 of this Annual Report. Pursuant to B.1.5 of the Code, for the Reporting Year, the remuneration range of the senior management members of the Company, who are the executive Directors, is set out below:

Remuneration range (HK$'000)	Number of persons
2,000 to 2,500	1
15,000 to 20,000	2

DIRECTORS' TRAINING

All Directors are encouraged to participate in continuous professional development ("CPD") training to refresh their knowledge and skills. The Company Secretary provides the Directors with updates on latest development in and amendment to the Listing Rules and other relevant legal and regulatory requirements from time to time. During the Reporting Year, the Company also arranged 4 CPD training courses conducted by the qualified professionals and provided reading materials to the Directors for internal training. Topics of the CPD training courses comprised corporate governance and compliance related matters, and updates on the Listing Rules amendments and other Ordinance amendments. 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 Directors, including Mr. Ching-fat MA, Mr. Ching-choi MA, Mr. Shun-chuen LAM, Mr. Dominic LAI, Mr. Yau-nam CHAM, Mr. Ping-wing PAO and Mr. Yat-fai LAM, have complied with A.6.5 of the Code in relation to the CPD requirements during the Reporting Year.

The Company received confirmations from the Directors and confirmed that they provided sufficient time and attention to the affairs of the Company during the Reporting Year.

BOARD COMMITTEES

The Board committees established by the Board have clearly-defined written terms of reference. The independent views and recommendations of these committees ensure proper control of the Company and the continuous 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 of the Board (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 Executive Committee.

The principal duties of the Executive 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 Audit Committee.

The terms of reference of the Audit Committee were formulated in accordance with the requirements of the Listing Rules and have been published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal duties of the Audit 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 Reporting Year, the Audit Committee discharged its principal duties. The Audit Committee also reviewed the Group's audited consolidated financial statements for the year ended 31 March 2016, unaudited interim consolidated financial statements for the six months ended 30 September 2016 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 Consolidated Financial Statements for the Reporting Year were prepared in accordance with statutory requirements and applicable accounting standards. The Directors also confirm that to the best of their knowledge and information, having made all reasonable enquiries, they 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.

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 Remuneration Committee.

The principal duties of the Remuneration 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 Reporting Year, the Remuneration Committee discharged its principal duties. The Remuneration Committee also reviewed 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 one executive Director, Mr. Shun-chuen LAM and two independent non-executive Directors, Mr. Yat-fai LAM and Mr. Ping-wing PAO. Mr. Yat-fai LAM is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board; assessing the independence of the independent non-executive Directors; monitoring the implementation of the Board Diversity Policy and reviewing the Board Diversity Policy as appropriate to ensure its effectiveness; and identifying suitable candidate for being a Director and making recommendation to the Board accordingly. During the Reporting Year, the Nomination Committee discharged its principal duties.

Investment Committee

The investment committee of the Board (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 Investment Committee.

The principal duties of the Investment Committee are to enhance the Company's risk management, to provide market information, and giving advice and making recommendations to the Board on the Company's proposed investments which are not related to the core business of the Group.

Corporate Social Responsibility Committee

The corporate social responsibility committee of the Board (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 CSR Committee.

The CSR 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 environmental and social governance to ensure the compliance with the legal and regulatory requirements. The CSR Committee is also responsible for preparing the annual Environmental, Social and Governance Report to be submitted to the Board for revision.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group believes that the risk management and internal control are fundamental to the Group as they can facilitate the practice of the Group's corporate strategy and enhance competitiveness. Accordingly, the Group has developed its own risk management and internal control systems and policies based on the specific nature and the practical needs of the Group's business. The Board is responsible for maintaining the Group's risk management and internal control systems and to review their effectiveness.

Notwithstanding the above, the risk management and internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management

The Group has established a comprehensive set of risk management policies and systems to effectively and efficiently identify, assess, analyze and mitigate risks that may arise when the Group strives to achieve strategic objectives, operational objectives, financial reporting and compliance objectives.

The Group has integrated risk management into its business processes, in which supervisors from all departments of the Group shall report to the management of risks within their respective operating ranges (including potential risks), likelihood of occurrence and the impact of such risks, and recommendation of risk mitigation strategies. After discussions with supervisors from relevant departments, the management will assess, analyze and make recommendations of the risk management procedures and mitigation measures to the Audit Committee. The Audit Committee will discuss with the management and make an approval based on the type and level of acceptable risk of the Group determined by the Board, and the approved results will then be submitted by the management to the Board for review. Subsequently, the management and supervisors from all departments shall continue to monitor the effectiveness of risk management procedures and risk mitigation measures, and the Board will receive relevant periodic reports from the management.

In relation to the handling and disclosure of "Inside Information" under the Securities and Futures Ordinance, the Group has established the Inside Information Disclosure Policy to provide guidance for reporting and disclosure of inside information. Under such policy, Directors or executive officers shall report any potential inside information to the Inside Information Committee of the Board as soon as possible, so that the Inside Information Committee can determine whether the matter or its development is inside information and make disclosure whenever necessary.

Internal Control

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

The Board delegates the Audit Committee to review and monitor the implementation of 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 unauthorised 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 with relevant ordinances and regulations.

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 analyse 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. carrying out regular 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 utilisation of resources;

2. reviewing the specific concerns or risks suggested by the Audit Committee or the management; and

3. establishing the relevant procedures for the purpose of mitigating the risk of failure to attain business objectives.

The internal control group reports the 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.

Corporate Governance Report

Annual Review

The Board monitors the risk management and internal control systems on an ongoing basis, ensuring reviews on the effectiveness of the risk management and internal control systems are conducted twice every year.

During the Reporting Year, the Board and the Audit Committee conducted annual reviews on the effectiveness of the Group's risk management and internal control systems, which included the reviews on the report covering the control of all aspects provided by the management and internal control group. According to the outcome of the reviews, the Group has complied with the provisions in relation to the risk management and internal control as set out in the Code during the Reporting Year. The Group was also of the view that the risk management and internal control systems were effective and sufficient and there was no material deficiency that may affect the Shareholders, which has come to the attention of the Board or the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules 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 Reporting Year.

COMPANY SECRETARY

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

AUDITORS' REMUNERATION

For the Reporting Year, the external auditor received approximately HK$1,061,000, being the audit fees in full in relation to the audit services rendered and approximately HK$112,000 being the fees for non-audit services rendered.

CONSTITUTIONAL DOCUMENT

There was no change in the Company's Articles of Association during the Reporting Year.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Shareholders are encouraged to attend all general meetings of the Company. Shareholders holding not less than 5% of the total voting rights of all Shareholders have rights to call for a general meeting and put forward agenda items for consideration by Shareholders. Shareholders may make such a request together with the proposed agenda items by written or electronic format and send to the Company Secretary. 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 by themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

In addition, Shareholders representing not less than 2.5% of the total voting rights of all Shareholders or of at least 50 Shareholders, may put forward proposals for consideration at the AGM. However, all proposals should be submitted by written or electronic format and send to the Company Secretary at least 6 weeks before the AGM or the time at which notice is given of that AGM in the case of a requisition requiring notice of a resolution or one week before the AGM in the case of any other requisition. The Company shall send a copy of such notice of resolution or the statement in respect of any other requisition to the Shareholders at the Company's expenses. If, however, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, the AGM 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@on.cc.

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. AGMs of the Company are the Company's primary channel for communication with Shareholders. The chairman of the AGMs proposes separate resolutions for each issue to be considered. During the Reporting 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 AGMs and related information will be given to Shareholders at least 20 business days before the meeting. The chairman of the AGMs 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 respective websites of the Company and the Stock Exchange on the same day.

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)

OPINION

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 34 to 88, which comprise the consolidated statement of financial position as at 31 March 2017, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter: Revenue recognition

Refer to Note 5 to the consolidated financial statements.

Revenue from the publication of the newspapers amounted to HK$871,205,000 for the year ended 31 March 2017. Revenue from sales of newspapers to distributors or customers is recognised when the products are delivered and title has passed.

Revenue from the internet subscription and advertising income amounted to HK$106,753,000 for the year ended 31 March 2017. Advertising revenue is recognised when the relevant advertisement is published.

How our audit addressed the Key Audit Matter

Our procedures in relation to the revenue recognition included:

— understanding the revenue and business process of the Group;

— assessing the appropriateness of the Group's revenue recognition accounting policy in line with HKFRSs;

— evaluating and testing the operating effectiveness of key controls on the recognition of revenue; and

— selecting a sample of sales transactions recorded during the reporting period near the year end and just after the end of the reporting period and comparing the details, including the date of the underlying sales invoices, sales contracts and relevant documentation evidencing the date of delivery and acceptance of the goods or services to assess whether the related revenue has been recognised in the appropriate accounting period in accordance with the Group's revenue recognition accounting policies.

We found that the Group has appropriately recognised revenue in accordance with its accounting policies for recognition of revenue and the amount and the timing of the revenue recorded were supported by the available evidence.

Key Audit Matter: Impairment assessment of trade receivables

Refer to Note 20 to the consolidated financial statements.

As at 31 March 2017, trade receivables amounted to approximately HK$122,939,000 and impairment allowance is approximately HK$3,536,000. Managements judgement is required in assessing and determining the recoverability of trade receivables and adequacy of allowance made.

The judgement mainly includes estimating and evaluating expected future receipts from customers based on past payment trend, knowledge of the customers' business and financial condition.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's impairment assessment of trade receivable included:

— obtaining an understanding of the Group's procedures on credit limits and credit periods given to customers with the management;

— evaluating the design and implementation of controls applied by management in determining the provision for doubtful debts;

— evaluating the management's impairment assessment of trade receivables;

— testing the accuracy of the receivables aging analysis and the recoverability of amounts due from debtors through circularisation, testing of subsequent receipts and corroborative enquiry;

— confirming the existence and assessing the valuation of significant receivables as at year end by tracing to subsequent/recent receipts;

— assessing the reasonableness of the methods and assumptions used by the management to estimate the provision of bad and doubtful debts;

How our audit addressed the Key Audit Matter *(Continued)*

— assessing, validating and discussing with the management and evaluating their assessment on the recoverability of the outstanding debts and the adequacy of allowance made based on the trade receivables aging analysis, collections subsequent to the end of the reporting period, past collection history and trend analysis and knowledge of the businesses, with focus on long outstanding debts and debts which are past due but not impaired; and

— checking, on a sampling basis, the accuracy and relevance of the information included in the impairment assessment of trade receivables.

We found that the management's assessment was supported by the available evidence.

Key Audit Matter: Impairment of leasehold building

Refer to Note 14 to the consolidated financial statements.

The Group has leasehold building with carrying values of HK$356,503,000, as at 31 March 2017. Following a review of the business, the outlook for the industry and the Group's operating plans, management has assessed these carrying values and no impairment provision is provided. These conclusions are dependent upon significant management judgement, including in respect of:

— estimated resale values, provided by an independent external valuer; and

— estimated utilisation, disposal values and discount rates applied to future cash flows.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's impairment assessment of properties included:

— evaluating the independent external valuers' competence, capabilities and objectivity;

— assessing the valuation methodologies used and the appropriateness of the key assumptions; and

— discussing the valuations with the valuers and challenging key estimates adopted in the valuations, including those relating to future cash flows to be derived from continuing use of the asset and from its ultimate disposal; and discount rate, through the analysis of the industry comparable.

Based on available evidence, we found that management's assumptions in relation to the valuation are reasonable.

Key Audit Matter: Valuation of investment properties

Refer to Note 16 to the consolidated financial statements.

Management has estimated the fair value of the Group's investment properties to be HK$322,987,000 as at 31 March 2017. The valuations are dependent on certain key assumptions that require significant management judgement including fair market rents.

Independent external valuations were obtained in order to support management's estimates.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's valuation of investment properties included:

— evaluating the independent external valuers' competence, capabilities and objectivity;

— assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry;

— considering the appropriate of the resale values estimated by the external valuer based on the recent transaction prices in the Australia property industry;

— on a sample basis, comparing the occupancy rates, room rates, and tenancy information included in the valuation models with underlying contracts and related documentation; and

— discussing the valuations with the valuers and challenging key estimates adopted in the valuations, including those relating to market selling prices, market rents and capitalization rates, by comparing them with historical rates and available market data, taking into consideration comparability and other local market factors.

We found the key assumptions were supported by the available evidence. The fair market rents supported by recent renewals was in line with our expectation.

Key Audit Matter: Estimation of provision for long service payments

Refer to Note 25 to the consolidated financial statements.

Employees who have completed at least five years of services with the Group are entitled to long service payments. 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.

Management has estimated the provision for the long service payments to be approximately HK$19,601,000 as at 31 March 2017 and there were over-provision in respect of prior years of approximately HK$9,066,000. Management utilises the market value of Mandatory Provident Fund (the "MPF") and personnel data to perform estimation of long service payments, which involves judgment and significant assumptions used in the calculations.

Due to the abovementioned factors including accounting estimates that have been identified as having high estimation uncertainty, we consider defined provision for long service payments to constitute a key audit matter in the audit of the Group.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's valuation of provision for long service payments included:

— reviewing whether the calculation of long service payments is in compliance with the Employment Ordinance (Cap.57) of Hong Kong;

— assessing the completeness and accuracy of personnel data underlying the estimation of fair value of MPF by testing the operating effectiveness of internal controls, and checking the data to supporting documentation on a sample basis;

— analysing the assumptions and input parameters determined by management, such as turnover rate and recent payment experience. In doing so, we examined the methodology used to determine the parameters and the consistency with prior year and compared these parameters with the range of observable market information;

— assessing the appropriateness of the asset valuation in the MPF scheme underlying the calculation;

— testing the internal controls over the provision for long service payments; and

— testing the correctness of changes in the provision made and the benefits paid to the pensioners.

Based on the available evidence, we found that management's estimation is supportable.

OTHER INFORMATION

The directors of the Company (the "Directors") are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and 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.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— obtain an understanding of internal control relevant to the audit 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 Group's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by the Directors.

— conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLM CPA Limited
Certified Public Accountants
Yuen Suk Ching
Practicing Certificate Number P1107

Hong Kong, 23 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	5	**1,000,303**	1,181,233
Other income	5	**48,468**	41,542
Raw materials and consumables used		**(179,868)**	(228,867)
Staff costs including directors' emoluments	7	**(562,445)**	(729,281)
Depreciation		**(58,081)**	(68,781)
Other operating expenses		**(118,000)**	(144,063)
Fair value adjustments on investment properties		**74,664**	12,827
Net exchange gain		**1,857**	27
Net gain on disposal of trademark		**–**	1,790
Net gain/(loss) on disposal and write-off of property, plant and equipment		**482**	(1,173)
Profit from operations	8	**207,380**	65,254
Finance costs	9	**(278)**	(262)
Profit before tax		**207,102**	64,992
Income tax expense	10	**(40,762)**	(9,671)
Profit for the year		**166,340**	55,321
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
— Exchange gain/(loss) on translation of financial statements of foreign operations		**1,443**	(2,109)
Other comprehensive income/(expenses) for the year, net of tax		**1,443**	(2,109)
Total comprehensive income for the year		**167,783**	53,212
Profit for the year attributable to:			
Owners of the Company		**163,889**	54,612
Non-controlling interests		**2,451**	709
		166,340	55,321
Total comprehensive income attributable to:			
Owners of the Company		**165,277**	52,482
Non-controlling interests		**2,506**	730
		167,783	53,212
Earnings per share	12		
— Basic		**HK6.83 cents**	HK2.28 cents
— Diluted		**HK6.83 cents**	HK2.28 cents

Consolidated Statement of Financial Position

At 31 March 2017

	Notes	31.3.2017 HK$'000	31.3.2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**518,156**	584,522
Leasehold land	15	**23,632**	24,420
Investment properties	16	**322,987**	222,758
Available-for-sale financial asset	17	**4,745**	4,745
Deferred tax assets	18	**12,877**	27,125
		882,397	863,570
Current assets			
Inventories	19	**57,770**	50,871
Trade receivables	20	**119,403**	167,875
Loan receivables	21	**18,750**	–
Other debtors, deposits and prepayments	22	**18,704**	16,318
Taxation recoverable		**5,530**	9,884
Cash and bank balances	23	**1,575,157**	1,735,602
		1,795,314	1,980,550
Current liabilities			
Trade payables	24	**19,282**	19,820
Other creditors, accruals and deposits received	25	**71,018**	108,052
Taxation payable		**11,365**	670
Borrowings	26	**9,469**	7,963
		111,134	136,505
Net current assets		**1,684,180**	1,844,045
Total assets less current liabilities		**2,566,577**	2,707,615
Non-current liabilities			
Borrowings	26	**1,824**	3,859
Deferred tax liabilities	18	**67,883**	62,940
		69,707	66,799
Net assets		**2,496,870**	2,640,816

Consolidated Statement of Financial Position

At 31 March 2017

	Note	31.3.2017 HK$'000	31.3.2016 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	**1,413,964**	1,413,964
Reserves		**1,077,094**	1,223,546
		2,491,058	2,637,510
Non-controlling interests		**5,812**	3,306
Total equity		**2,496,870**	2,640,816

The Group's consolidated financial statements were approved and authorised for issue by the Board of Directors on 23 June 2017 and signed on its behalf by:

Ching-fat MA
Director

Ching-choi MA
Director

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Operating activities			
Profit before tax		**207,102**	64,992
Adjustments for:			
Interest income		**(9,437)**	(12,145)
Interest expenses		**278**	262
Impairment losses on trade receivables		**691**	1,432
Depreciation		**58,081**	68,781
Net exchange gain		**(1,857)**	(27)
Amortisation of leasehold land		**788**	788
Fair value adjustments on investment properties		**(74,664)**	(12,827)
Net (gain)/loss on disposal and write-off of property, plant and equipment		**(482)**	1,173
Operating profit before working capital changes		**180,500**	112,429
(Increase)/decrease in inventories		**(6,899)**	20,859
Decrease in trade receivables		**47,781**	18,046
Increase in loan receivables		**(18,750)**	–
Decrease in other debtors, deposits and prepayments		**650**	1,156
Decrease in trade payables		**(538)**	(6,708)
(Decrease)/increase in other creditors, accruals and deposits received		**(37,034)**	21,732
Cash generated from operations		**165,710**	167,514
Income tax paid		**(12,569)**	(10,747)
Income tax refunded		**5,632**	1,190
Net cash generated from operating activities		**158,773**	157,957
Investing activities			
Purchase of property, plant and equipment		**(5,069)**	(12,299)
Additions to investment properties		**(23,763)**	–
Net proceeds from disposal of property, plant and equipment		**13,815**	767
Interest received		**6,401**	12,108
Net cash (used in)/generated from investing activities		**(8,616)**	576
Financing activities			
Dividends paid		**(311,729)**	(71,937)
Interest paid		**(278)**	(262)
New other loan raised		**1,458**	–
Repayment of obligations under finance leases		**(2,023)**	(2,156)
Net cash used in financing activities		**(312,572)**	(74,355)
Net (decrease)/increase in cash and bank balances		**(162,415)**	84,178
Cash and bank balances at 1 April		**1,735,602**	1,653,132
Effect of foreign exchange rate changes		**1,970**	(1,708)
Cash and bank balances at 31 March	23	**1,575,157**	1,735,602

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Share capital HK$'000	Exchange reserve HK$'000 (Note)	Properties revaluation reserve HK$'000 (Note)	Retained profits HK$'000 (Note)	Proposed dividend HK$'000 (Note)	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
	Equity attributable to owners of the Company							
At 1 April 2015	1,413,964	22,567	9,700	1,162,776	47,958	2,656,965	2,576	2,659,541
2015 final dividend paid	–	–	–	–	(47,958)	(47,958)	–	(47,958)
2016 interim dividend paid	–	–	–	(23,979)	–	(23,979)	–	(23,979)
Transactions with owners	–	–	–	(23,979)	(47,958)	(71,937)	–	(71,937)
Profit for the year	–	–	–	54,612	–	54,612	709	55,321
Other comprehensive expense								
— Exchange loss on translation of financial statements of foreign operations	–	(2,130)	–	–	–	(2,130)	21	(2,109)
Total comprehensive income for the year	–	(2,130)	–	54,612	–	52,482	730	53,212
At 31 March 2016 and 1 April 2016	**1,413,964**	**20,437**	**9,700**	**1,193,409**	**–**	**2,637,510**	**3,306**	**2,640,816**
2016 final dividend paid	**–**	**–**	**–**	**(23,979)**	**–**	**(23,979)**	**–**	**(23,979)**
2016 special dividend paid	**–**	**–**	**–**	**(47,958)**	**–**	**(47,958)**	**–**	**(47,958)**
2017 interim dividend paid	**–**	**–**	**–**	**(47,958)**	**–**	**(47,958)**	**–**	**(47,958)**
2017 special dividend paid	**–**	**–**	**–**	**(191,834)**	**–**	**(191,834)**	**–**	**(191,834)**
Transactions with owners	**–**	**–**	**–**	**(311,729)**	**–**	**(311,729)**	**–**	**(311,729)**
Profit for the year	**–**	**–**	**–**	**163,889**	**–**	**163,889**	**2,451**	**166,340**
Other comprehensive income								
— Exchange gain on translation of financial statements of foreign operations	**–**	**1,388**	**–**	**–**	**–**	**1,388**	**55**	**1,443**
Total comprehensive income for the year	**–**	**1,388**	**–**	**163,889**	**–**	**165,277**	**2,506**	**167,783**
At 31 March 2017	**1,413,964**	**21,825**	**9,700**	**1,045,569**	**–**	**2,491,058**	**5,812**	**2,496,870**

Note: These reserve accounts comprise the consolidated reserves of HK$1,077,094,000 (2016: HK$1,223,546,000) in the consolidated statement of financial position of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

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 36.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The consolidated financial statements on pages 34 to 88 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements comply with the applicable disclosure requirements required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2.2 Basis of preparation

The significant accounting policies that have been used in the preparation of these consolidated 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, if any, on the Group's consolidated financial statements are disclosed in Note 3.

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

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

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

2.2 Basis of preparation *(Continued)*

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it still controls such investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

2.3 Basis of consolidation *(Continued)*

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if these results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies to be in line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.4 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

2.4 Changes in the Group's ownership interests in existing subsidiaries *(Continued)*

When the Group losses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.5 Foreign currency translation

The consolidated financial statements are presented in Hong Kong Dollars (HK$), which is also the functional currency for the Company and its subsidiaries except for those incorporated in Australia, which functional currency is Australian Dollars.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

2.5 Foreign currency translation *(Continued)*

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group, using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment including freehold building held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful life, 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 building improvement	20.0%
Motor vehicles	18.8%–25.0%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

2.6 Property, plant and equipment *(Continued)*

Assets held under finance leases are depreciated over their expected useful life on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.7 Leasehold land

Upfront payments made to acquire land held under an operating lease are stated at cost 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.

2.8 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.9 Financial assets

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

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

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

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

2.9 Financial assets *(Continued)*

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

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

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

For available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments, they are measured at cost less any identified impairment losses at the end of each reporting period.

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

2.9 Financial assets *(Continued)*

Impairment of financial assets

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

Objective evidence of impairment of individual financial asset includes observable data that come 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;

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

— the disappearance of an active market for the financial asset because of financial difficulties.

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

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

(i) Financial assets carried at amortised cost

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

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

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

2.9 Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

When an available-for-sale financial asset is considered to be impaired, an amount of the difference between its cost and its current fair value is recognised in profit or loss.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(iii) *Financial assets carried at cost*

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

2.10 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.

2.11 Cash and bank balances

Cash and bank balances represent cash at banks and in hand, time deposits with banks and other financial institutions, and short-term liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the consolidated statement of cash flows, bank overdrafts or bank loans, if any, which are repayable on demand and form an integral part of an enterprise's cash managements are also included as component of cash and cash equivalents.

2.12 Financial liabilities

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

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

2.12 Financial liabilities *(Continued)*

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. When financial liabilities are recognised initially, they are measured at fair value, net of impairment costs. All interest and related charges are recognised as an expense in finance costs in profit or loss. The financial liabilities are subsequently measured at amortised cost using the effective interest method.

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.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

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.

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 each reporting period.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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

2.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from leased asset are consumed.

2.14 Provisions and contingent liabilities

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

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

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

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

2.15 Share capital

Ordinary shares are classified as equity.

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) Revenue from printing services is recognised upon provision of the services.

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

(v) Rental income 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 accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

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

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

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

2.17 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value 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 assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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 ("MPF 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, subject to a cap in accordance with the MPF Ordinance.

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.

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

2.18 Employee benefits *(Continued)*

Long service payments

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

2.19 Borrowing costs

All borrowing costs are expensed as incurred.

2.20 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

2.20 Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.21 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

2.21 Related parties *(Continued)*

(b) *(Continued)*

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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 of the Company, 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 are determined in accordance with the Group's major product and service lines. The Group has identified only one reportable segment, the publication of newspapers, including internet subscription and relevant advertising income.

The measurement policies the Group uses for reporting segment 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 included in arriving at the operating results of the operating segment as they are not directly attributable to the business activities of any operating segment.

Segment assets include all assets but the available-for-sale financial asset.

3. APPLICATION OF NEW OR AMENDED HKFRSs

In the current year, the Group has adopted the following new or revised standards and amendments issued by the HKICPA, which are or have become effective for the Group's financial year beginning on 1 April 2016.

HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

The adoption of the new or amended HKFRSs has had no material effect on the Group's financial performance and position for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2017 and have not been adopted in these financial statements as follows:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[2]
HKFRS 16	Lease[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]
HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKAS 40 (Amendments)	Transfers of Investment Property[2]
HK (IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration[2]

Notes:

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

The Group is in the process of making an assessment of what the impact of these new and amended HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

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.

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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Estimated fair value of investment properties (the "Properties")

The Properties of the Group were stated at fair value in accordance with the accounting policy stated in Note 2.8. The fair value of the Properties is determined by a firm of independently qualified professional valuers and the fair value of the Properties as at respective year end is set out in Note 16. 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 existing 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 2.6, 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. The management reassesses the impairment of receivables at the end of each reporting period. Details of the assessment are set out in Notes 20 and 21.

(iv) Provision for long service payments

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 each reporting period. The payments due are dependent on future events and recent payment experience may not be indicative of future payments. Any increase or decrease in the provision would affect profit or loss in future years.

5. REVENUE

Revenue from the Group's principal activities 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:

	2017	2016
	HK$'000	HK$'000
Publication of newspapers	**871,205**	1,082,500
Internet subscription and advertising income	**106,753**	73,867
Rental income from investment properties	**7,197**	8,609
License fee income from hotel property	**6,811**	5,701
Income from restaurant operation	**8,337**	10,556
	1,000,303	1,181,233

	2017	2016
	HK$'000	HK$'000
Included in other income are:		
Interest earned on bank deposits	**8,377**	12,145
Interest earned on loan receivables	**1,060**	–
Sales of scrap materials	**2,936**	4,047
Over-provision of long service payments	**9,066**	–

6. SEGMENT INFORMATION

Based on the regular internal financial information reported to the executive directors of the Company, being the chief operating decision makers, for their decisions 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 relevant advertising income. The revenue of other operating segments include rental income from investment properties, license fee income from hotel property and income from restaurant operation.

Reportable segment revenue represented turnover of the Group in the consolidated statement of profit or loss and other comprehensive income. Segment profit or loss represents the profit earned by or loss from each segment without allocation of directors' emoluments, net exchange gain or loss, interest income, sundry income and finance costs. Reconciliation between the reportable segment profit or loss to the Group's profit before tax is presented below:

	Publication of newspapers		**All other segments**		**Total**	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Reportable segment revenue from external customers	**977,958**	1,156,367	**22,345**	24,866	**1,000,303**	1,181,233
Reportable segment profit	**139,783**	55,841	**75,779**	15,786	**215,562**	71,627
Unallocated corporate income					**29,593**	31,504
Unallocated corporate expenses					**(38,053)**	(38,139)
Profit before tax					**207,102**	64,992
Other information						
Depreciation and amortisation	**(57,924)**	(68,870)	**(945)**	(699)	**(58,869)**	(69,569)
Fair value adjustments on investment properties	**–**	–	**74,664**	12,827	**74,664**	12,827
Additions to non-current assets (property, plant and equipment and investment properties) during the year	**4,542**	10,056	**24,290**	2,243	**28,832**	12,299

6. SEGMENT INFORMATION *(Continued)*

Reportable segment assets and liabilities

	Publication of newspapers		All other segments		Unallocated		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS								
Segment assets	**766,605**	861,307	**331,204**	242,466	**–**	–	**1,097,809**	1,103,773
Available-for-sale financial asset	**–**	–	**–**	–	**4,745**	4,745	**4,745**	4,745
Cash and bank balances	**–**	–	**–**	–	**1,575,157**	1,735,602	**1,575,157**	1,735,602
Consolidated total assets	**766,605**	861,307	**331,204**	242,466	**1,579,902**	1,740,347	**2,677,711**	2,844,120
LIABILITIES								
Segment liabilities	**136,163**	183,291	**44,678**	20,013	**–**	–	**180,841**	203,304

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

	Revenue from external customers		Non-current assets	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (country of domicile)	**986,295**	1,166,923	**537,237**	603,001
Australia	**14,008**	14,310	**327,538**	228,699
	1,000,303	1,181,233	**864,775**	831,700

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

During the year, HK$411,144,000 (2016: HK$452,393,000) out of the Group's revenue of HK$1,000,303,000 (2016: HK$1,181,233,000) was contributed by two (2016: two) customers. No other single customer contributed 10% or more to the Group's revenue for both 2017 and 2016.

7. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2017 HK$'000	2016 HK$'000
Wages and salaries	**539,903**	669,198
Long service payments	**–**	25,622
Termination benefits	**2,612**	9,399
Pension costs — defined contribution plans	**19,930**	25,062
	562,445	729,281

8. PROFIT FROM OPERATIONS

	2017 HK$'000	2016 HK$'000
Profit from operations is arrived at after charging/(crediting):		
Auditor's remuneration	**1,061**	1,071
Cost of inventories recognised as expense	**179,868**	228,867
Impairment losses on trade receivables	**691**	1,432
Depreciation:		
– Owned assets	**55,981**	66,122
– Leased assets	**2,100**	2,659
Amortisation of leasehold land	**788**	788
Net exchange gain	**(1,857)**	(27)
Net gain on disposal of trademark	**–**	(1,790)
Net (gain)/loss on disposal and write-off of property, plant and equipment	**(482)**	1,173
Operating lease charges in respect of buildings	**2,374**	4,748
Rental income from investment properties (excluding hotel property)	**(7,197)**	(8,609)
Less: Outgoings associated with rental income	**1,073**	882
Rental income from investment properties (excluding hotel property) less outgoings	**(6,124)**	(7,727)

9. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest charges on borrowings:		
Other loan	**256**	228
Finance leases	**22**	34
	278	262

10. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profit for the year. 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.

	2017 HK$'000	2016 HK$'000
Current tax		
– Hong Kong Profits Tax	**21,365**	11,435
– Overseas Income Tax	**622**	578
	21,987	12,013
Under provision in prior year:		
– Hong Kong	**–**	3
Deferred taxation (Note 18)		
– Current year	**18,775**	(2,345)
	40,762	9,671

The tax charge for the year can be reconciled to the profit before tax as stated in the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 HK$'000	2016 HK$'000
Profit before tax	**207,102**	64,992
Tax at the domestic income tax rate of 16.5% (2016: 16.5%)	**34,172**	10,724
Effect of different tax rates of subsidiaries operating in other jurisdictions	**9,009**	1,845
Tax effect of non-taxable revenue	**(2,646)**	(3,218)
Tax effect of non-deductible expenses	**540**	821
Under provision in respect of prior years	**–**	3
Utilisation of tax losses previously not recognised	**(121)**	(288)
Tax effect on temporary differences not recognised	**(12)**	(4)
Effect of tax losses not recognised	**86**	–
Effect on tax concession	**(266)**	(212)
Income tax expense	**40,762**	9,671

11. DIVIDENDS

(a) Dividends attributable to the year

	2017 HK$'000	2016 HK$'000
Interim dividend paid		
HK2 cents (2016: HK1 cent) per share	**47,958**	23,979
Special dividend paid		
HK8 cents per share (2016: Nil)	**191,834**	–
Proposed final dividend		
HK4 cents (2016: HK1 cent) per share	**95,916**	23,979
Proposed special dividend		
HK2 cents (2016: HK2 cents) per share	**47,958**	47,958
	383,666	95,916

A final dividend of HK4 cents (2016: HK1 cent) per share and special dividend of HK2 cents (2016: HK2 cents) per share have been proposed by the Board of Directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

(b) Dividends recognised as distributions during the year

	2017 HK$'000	2016 HK$'000
2015 Final dividend	**–**	47,958
2016 Interim dividend	**–**	23,979
2016 Final dividend	**23,979**	–
2016 Special dividend	**47,958**	–
2017 Interim dividend	**47,958**	–
2017 Special dividend	**191,834**	–
	311,729	71,937

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK$163,889,000 (2016: HK$54,612,000) and on 2,397,917,898 (2016: 2,397,917,898) ordinary shares in issue during the year.

For the year ended 31 March 2017 and 2016, diluted earnings per share was the same as the basic earnings per share as there were no dilutive potential ordinary shares in issue for both years.

13. FIVE HIGHEST PAID INDIVIDUALS

The emoluments of the top five individuals during the year included three (2016: three) directors, details of whose emoluments are set out in Note 39(a). The emoluments payable to the remaining two individuals during the year (2016: two) are as follows:

	2017	2016
	HK$'000	HK$'000
Salaries and other benefits	**4,320**	5,784
Contribution to defined contribution plan	**36**	36
	4,356	5,820

The emoluments fall within the following bands:

	Number of individuals	
	2017	2016
Emolument bands		
HK$2,000,001 to HK$2,500,000	**2**	–
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**–**	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.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building HK$'000	Plant, machinery and printing equipment HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold building improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 April 2015	546,636	906,497	126,666	7,620	27,179	1,614,598
Additions	–	7,981	1,394	27	2,897	12,299
Disposals	–	(4,441)	(3,475)	–	(4,294)	(12,210)
Exchange adjustment	–	10	(20)	–	44	34
At 31 March 2016 and 1 April 2016	546,636	910,047	124,565	7,647	25,826	1,614,721
Additions	–	1,436	1,545	–	2,088	5,069
Disposals	–	(74,365)	(1,742)	–	(2,970)	(79,077)
Exchange adjustment	–	(14)	16	–	2	4
At 31 March 2017	**546,636**	**837,104**	**124,384**	**7,647**	**24,946**	**1,540,717**
Depreciation						
At 1 April 2015	166,367	669,732	116,165	4,303	15,135	971,702
Provided for the year	11,883	47,486	3,350	1,287	4,775	68,781
Eliminated on disposal	–	(4,425)	(1,659)	–	(4,186)	(10,270)
Exchange adjustment	–	11	(4)	–	(21)	(14)
At 31 March 2016 and 1 April 2016	178,250	712,804	117,852	5,590	15,703	1,030,199
Provided for the year	11,883	37,003	2,962	1,287	4,946	58,081
Eliminated on disposal	–	(61,252)	(1,679)	–	(2,813)	(65,744)
Exchange adjustment	–	6	14	–	5	25
At 31 March 2017	**190,133**	**688,561**	**119,149**	**6,877**	**17,841**	**1,022,561**
Carrying values						
At 31 March 2017	**356,503**	**148,543**	**5,235**	**770**	**7,105**	**518,156**
At 31 March 2016	368,386	197,243	6,713	2,057	10,123	584,522

As at 31 March 2017, certain plant, machinery and printing equipment of the Group with a total net book value of HK$986,000 (2016: HK$3,087,000) were held under finance lease. During the year, no addition (2016: Nil) to plant, machinery and printing equipment was financed by new finance leases.

15. LEASEHOLD LAND

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

	2017	2016
	HK$'000	HK$'000
In Hong Kong held on leases	**23,632**	24,420

	2017	2016
	HK$'000	HK$'000
Balance at beginning of year	**24,420**	25,208
Annual charges of prepaid operating lease payments	**(788)**	(788)
Balance at end of year	**23,632**	24,420

16. INVESTMENT PROPERTIES

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

	2017	2016
	HK$'000	HK$'000
Fair value		
Balance at beginning of year	**222,758**	210,169
Additions	**23,763**	–
Exchange adjustment	**1,802**	(238)
Fair value adjustment	**74,664**	12,827
Balance at end of year	**322,987**	222,758
Fair value adjustments on investment properties	**74,664**	12,827

16. INVESTMENT PROPERTIES *(Continued)*

Fair value measurement of the Group's investment properties

Investment properties situated in Australia were revalued at 31 March 2017 and 31 March 2016 by Messrs. Jeffrey Perkings & Assoc. Property Valuers & Consultants, independent qualified professional valuer not connected to the Group. Messrs. Jeffrey Perkings & Assoc. Property Valuers & Consultants is a member of the Real Estate Institute of New South Wales, Australia. 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 at the end of the reporting period.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2017 are as follows:

	Level 3 HK$'000	Fair value as at 31 March 2017 HK$'000	Fair value as at 31 March 2016 HK$'000
Investment properties located in Australia	322,987	**322,987**	222,758

There were no transfers into or out of Level 3 during the year.

The following table gives information about how the fair values of the major investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties held by the Group	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity
Hotel located in 383 Bulwara Road Ultimo 2007 Sydney Australia	Direct comparison approach from available sales evidence.	Significant improvement in Sydney hotel market	Increased fair value as a result of substantial income growth from upgrading of subject
		Improving occupancy rates	
	Subject equates to approximately AUD250,000 (2016: AUD151,000) per guest room and equates to approximately AUD9,313 (2016: AUD5,627) per square metre for land and building	Increased development potential as a result of improving Sydney hotel development market	Increased fair value as a result of improved improving Sydney hotel market and occupancy rates
		Upgrading of subject has significantly improved income over long term	Lower expected yields equating to higher sale prices
	Income capitalisation approach from potential income stream	A potential gross income stream capitalised at 6.3% (2016: 7.5%) expected yield	Lower capitalisation rate would lead to higher fair value

16. INVESTMENT PROPERTIES *(Continued)*

Fair value measurement of the Group's investment properties *(Continued)*

Investment properties held by the Group	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity
Retail and office building located in 2 Short Street Double Bay NSW Australia	Direct comparison approach from available sales evidence. Subject equates to approximately AUD12,995 (2016: AUD9,422) per square metre for land and building	The property has substantially lowered its vacancy New ground floor restaurant tenant with extensive outfit at tenant's expense In inferior location to many comparables Improving Sydney commercial market Sydney residential development has remained buoyant throughout 2016/2017 A potential gross income stream capitalised at 5.1% (2016: 7%) expected yield	Increase in fair value due to improving commercial market Inferior location reduces fair value on direct comparison basis New ground floor tenancy having positive effect on income stream and street appeal. Lower capitalisation rate would lead to higher fair value
Commercial and retail premises located in 29, 31 & 33 Bay Street Double Bay NSW Australia	Direct comparison approach from available sales evidence. Subject equates to approximately AUD15,385 (2016: AUD11,429) per square metre for land and building	The three premises overlap and are largely utilised as a single holding The Sydney commercial property market has improved Superior retail location Substantial new restaurant tenant since last valuation. A potential gross income stream, capitalised at approximately 4.73% (2016: 6%) expected yield	Moderate sensitive to market. Commercial market has improved. Also improved occupancy since last assessment. Fair value has improved as the property has greater income and the higher prices of Sydney commercial market, resulting in lower expected yields. Lower capitalisation rate would lead to higher fair value

16. INVESTMENT PROPERTIES *(Continued)*

Fair value measurement of the Group's investment properties *(Continued)*

Investment properties held by the Group	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity
Commercial and retail premises located in 35, 37 & 39 Bay Street Double Bay NSW Australia	Direct comparison approach from available sales evidence. Subject equates to approximately AUD20,000 (2016: AUD15,684) per square metre for land and building	The Sydney commercial property market has improved The three premises overlap and are largely utilised as a single holding Development potential as a result of recently buoyant Sydney residential development market Relatively large site improves development potential Superior retail location A potential gross income stream, capitalised at approximately 5.2% (2016: 7%) expected yield	The Sydney commercial market has improved, resulting in higher prices and lower expected yield. Some increase in fair value as potential development site subsequent to residential apartment market. Lower capitalisation rate would lead to higher fair value

There has been no change from the valuation technique used in the prior year.

In estimating the fair value for the properties, the highest and best use of the properties is their current use.

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

	2017	2016
	HK$'000	HK$'000
Outside Hong Kong, freehold	**322,987**	222,758

17. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2017	2016
	HK$'000	HK$'000
Club membership, stated at cost	**4,745**	4,745

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

18. 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:

	Accelerated tax depreciation	**Revaluation of properties**	**Tax losses**	**Others**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2015	45,681	16,273	(21,711)	(2,298)	37,945
Recognised in profit or loss (Note 10)	(5,341)	3,848	717	(1,569)	(2,345)
Exchange differences	–	162	53	–	215
At 31 March 2016 and 1 April 2016	40,340	20,283	(20,941)	(3,867)	35,815
Recognised in profit or loss (Note 10)	(5,353)	21,279	1,090	1,759	18,775
Exchange differences	–	433	(17)	–	416
At 31 March 2017	**34,987**	**41,995**	**(19,868)**	**(2,108)**	**55,006**

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

	2017	2016
	HK$'000	HK$'000
Deferred tax assets	**(12,877)**	(27,125)
Deferred tax liabilities	**67,883**	62,940
	55,006	35,815

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 unrecognized tax losses of approximately HK$521,000 (2016: Nil) due to the unpredictability of the future profit streams.

19. INVENTORIES

	2017 HK$'000	2016 HK$'000
Newsprint and printing materials	**42,321**	34,535
Spare parts and supplies	**13,817**	14,329
Others	**1,632**	2,007
	57,770	50,871

Inventories of spare parts and supplies totaling HK$13,817,000 (2016: HK$14,329,000) are expected to be consumed and charged to profit or loss during the course of business and might span for more than twelve months.

20. TRADE RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**122,939**	172,046
Less: Allowance for doubtful debts	**(3,536)**	(4,171)
	119,403	167,875

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 and Australian Dollars which is the functional currency of the group entities to which these balances relate.

The following is an aging analysis of trade receivables after deducting the allowance for doubtful debts presented based on invoice dates at the end of the reporting period:

	2017 HK$'000	2016 HK$'000
0–60 days	**56,316**	70,854
61–90 days	**21,168**	30,634
Over 90 days	**41,919**	66,387
	119,403	167,875

The carrying amount of trade receivables is considered to be a reasonable approximation of their fair value as this financial asset is expected to be settled 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.

20. TRADE RECEIVABLES *(Continued)*

At the end of each reporting period, the Group's trade receivables over 365 days are individually 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, carrying amount of HK$41,919,000 (2016: HK$66,387,000) are past due but not impaired at the end of the reporting period.

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

	2017	2016
	HK$'000	HK$'000
91–120 days	**16,108**	20,991
121–365 days	**24,531**	39,550
Over 365 days	**1,280**	5,846
	41,919	66,387

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

Movement in the allowance for doubtful debts:

	2017	2016
	HK$'000	HK$'000
Balance at beginning of year	**4,171**	2,859
Impairment losses recognised on trade receivables	**712**	1,506
Amount recovered during the year	**(21)**	(30)
Amounts written off as uncollectible	**(1,326)**	(184)
Exchange adjustment	**–**	20
Balance at end of year	**3,536**	4,171

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$712,000 (2016: HK$1,506,000 (inclusive of Goods and Services Tax with an amount of HK$44,000)) which have either been placed under liquidation or in severe financial difficulties.

21. LOAN RECEIVABLES

The Group seeks to maintain strict control over its outstanding loan receivables to minimise credit risk. The grants of these loans were approved and monitored by the Group's management, whilst overdue balances are reviewed regularly for recoverability. Loan receivables bear interest at rates ranging from 7.0% per annum to 7.2% per annum (31 March 2016: Nil), mutually agreed between the contracting parties and repayable within one year.

At 31 March 2017, all loan receivables were secured by properties in Hong Kong.

The fair values of the Group's loan receivables at the end of the reporting period are determined based on the present value of the estimate future cash flows discounted using the prevailing market rate at the end of each reporting period. The fair values of the Group's loan receivables approximate to the corresponding carrying amounts of the loan receivables.

Loan receivables as at the end of the reporting period were neither past due nor impaired. The loan receivables have been reviewed by the Directors to assess impairment which are based on the evaluation of collectability, aging analysis of accounts and on their judgement, including the current creditworthiness and the past collection statistics, the Directors consider that no impairment is required to be provided during the year.

22. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2017 **HK$'000**	2016 HK$'000
Other debtors	**4,832**	3,043
Deposits	**6,913**	6,448
Prepayments	**6,959**	6,827
	18,704	16,318

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

23. CASH AND BANK BALANCES

	2017 HK$'000	2016 HK$'000
Cash at banks and in hand	**142,061**	155,087
Short-term bank deposits	**1,433,096**	1,580,515
	1,575,157	1,735,602

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

	2017 HK$'000	2016 HK$'000
United States Dollars	**15,813**	12,163
Australian Dollars ("AUD")	**9,632**	5,006
Renminbi	**1,398**	1,285
Other currencies	**114**	122
	26,957	18,576

Cash at banks earns interest at floating rates based on daily bank deposits rates. The effective interest rate of short-term bank deposits ranged from 0.001% to 1.3% (2016: 0.001% to 1.7%) per annum and have a maturity period of one month or less and are eligible for immediate cancellation without receiving any interest for the last deposit period.

24. TRADE PAYABLES

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

	2017 HK$'000	2016 HK$'000
0–60 days	**16,558**	17,712
61–90 days	**796**	873
Over 90 days	**1,928**	1,235
	19,282	19,820

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

25. OTHER CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

	2017 **HK$'000**	2016 HK$'000
Other creditors	**29,552**	37,229
Accruals	**23,617**	38,402
Accrued wages	**1,557**	17,141
Deposits received	**16,292**	15,280
	71,018	108,052

The Group's accruals under current liabilities include the provision of long service payments and provision of litigation, the movement of which as follows:

	Long service payments HK$'000	**Litigation** HK$'000
At 1 April 2016	32,321	510
Additional provision recognised	–	1,554
Over-provision in respect of prior years	(9,066)	–
Reduction arising from payments	(3,654)	(1,431)
At 31 March 2017	**19,601**	**633**

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

26. BORROWINGS

	2017 **HK$'000**	2016 HK$'000
Borrowings wholly repayable within five years:		
— Other loan	**7,434**	5,940
— Obligations under finance leases	**3,859**	5,882
	11,293	11,822
Less: Current portion due within one year included under current liabilities		
— Other loan	**7,434**	5,940
— Obligations under finance leases	**2,035**	2,023
	9,469	7,963
Non-current portion included under non-current liabilities		
— Obligations under finance leases	**1,824**	3,859

At 31 March 2017 and 2016, other loan denominated in Australian Dollars was made by a non-controlling shareholder of a subsidiary of the Company, is unsecured, bearing interest at 4% per annum and repayable on demand.

The carrying amounts of borrowings approximate their fair value.

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

	Minimum lease payments		**Present value of minimum lease payments**	
	2017 **HK$'000**	2016 HK$'000	**2017** **HK$'000**	2016 HK$'000
Obligation under finance leases:				
Due within one year	**2,045**	2,045	**2,035**	2,023
Due in the second to fifth year	**1,825**	3,870	**1,824**	3,859
	3,870	5,915	**3,859**	5,882
Less: Future finance charges on finance leases	**(11)**	(33)		
Present value of lease obligations	**3,859**	5,882		
Less: Amount due for settlement within one year included under current liabilities			**(2,035)**	(2,023)
Amount due for settlement in the second to the fifth year included under non-current liabilities			**1,824**	3,859

26. BORROWINGS *(Continued)*

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

27. SHARE CAPITAL

	Number of shares	**HK$'000**
Issued and fully paid:		
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017, ordinary shares with no par value	2,397,917,898	1,413,964

28. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group, during the year, paid legal fees amounting to HK$986,000 (2016: HK$1,043,000) to Messrs. Iu, Lai & Li. Mr. Dominic LAI, a non-executive director of the Company, is a senior partner of Messrs. Iu, Lai & Li. The transaction prices were considered by the Directors as estimated market price.

The Directors are of the opinion that the key management personnel were solely the Directors, details of whose emoluments are set out in Note 39(a).

29. OPERATING LEASE COMMITMENTS

At 31 March 2017, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**1,662**	1,360
In the second to fifth years inclusive	**80**	–
	1,742	1,360

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 the respective landlords/lessors. None of the leases include contingent rentals.

30. OPERATING LEASE ARRANGEMENTS

At 31 March 2017, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment properties as follows:

	2017	2016
	HK$'000	HK$'000
Within one year	**14,659**	8,196
In the second to fifth years inclusive	**54,381**	2,366
Over five year	**12,795**	–
	81,835	10,562

The Group's rental income earned from properties during the year was HK$7,197,000 (2016: HK$8,609,000). The Group leases its investment properties (Note 16) under operating lease arrangements which run for an initial period of half to six 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 require the tenants to pay security deposits. None of the leases include contingent rentals receivable.

31. CAPITAL COMMITMENTS

At 31 March 2017, the Group had the following capital commitments:

	2017	2016
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and refurbishment to investment properties, contracted for but not provided for in the financial statements	**114**	413

32. RETIREMENT BENEFIT

Defined contribution scheme

The employees of the Group in Hong Kong were covered under the Mandatory Provident Fund ("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 65 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$30,000 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$19,930,000 (2016: HK$25,062,000).

Long service payment

Employees who have completed at least five years of services with the Group are entitled to a long service payment, which are calculated in accordance with the applicable laws in Hong Kong. For details of the provision and payment, refer to note 25.

33. 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 consolidated financial statements to cover any potential liabilities arising from these litigations.

34. 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 net debt-to-adjusted capital ratio. At 31 March 2017, the Group's net debt-to-adjusted capital ratio was minimal (2016: minimal). 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.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group does not have written financial 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 35(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 currency giving rise to this risk is primarily Australian Dollars. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure where appropriate.

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

	2017 **AUD'000**	2016 AUD'000
Cash and bank balances	**1,622**	844
Borrowing	**(1,250)**	(1,000)
Net exposure	**372**	(156)

Sensitivity analysis

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

	2017 **Profit or (loss)** **HK$'000**	2016 Profit or (loss) HK$'000
AUD	**220**	(93)

The sensitivity analysis above 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.

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

(a) Currency risk *(Continued)*

Sensitivity analysis (Continued)

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. 10% strengthening of Australia Dollars against Hong Kong Dollars at the end of the reporting period would increase equity and profit or loss by the amount shown above. 10% weakening of Australia Dollars against Hong Kong Dollars would have had the equal but opposite effect on the above balances. The analysis is performed on the same basis for 2016. For currency risk exposure of US Dollars, it is assumed that due to the pegged rate between the US Dollars and Hong Kong Dollars, it would not be materially affected.

(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.

	2017 **HK$'000**	2016 HK$'000
Classes of financial assets		
Trade receivables	**119,403**	167,875
Loan receivables	**18,750**	–
Other debtors	**4,832**	3,043
Cash and bank balances	**1,575,157**	1,735,602
	1,718,142	1,906,520

The Group allows an average credit of 90 days to its trade customers and no interest is charged. For the individual 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.

The credit risk on loan receivables is limited because the loans are secured by the properties.

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 2017, the Group had bank deposits of HK$1,433,096,000 (2016: HK$1,580,515,000) in a bank. The credit risk for liquid funds is considered minimal, since the counterparty is a reputable bank with high quality of external credit ratings.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables and loan receivables are set out in Notes 20 and 21 respectively.

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

(c) Interest rate risk

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

	2017		2016	
	Effective interest rate	**HK$'000**	Effective interest rate	HK$'000
Variable rate bank deposits:				
Bank balances	**0.001%–1.3%**	**1,433,096**	0.001%–1.7%	1,580,515

Sensitivity analysis

At 31 March 2017, it was 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$1,433,000 (2016: HK$1,581,000).

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 the 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 2016.

35. 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.

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

		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
2017						
Trade payables	**19,282**	**19,282**	**19,282**	**–**	**–**	**–**
Other creditors and accruals	**54,726**	**54,726**	**54,726**	**–**	**–**	**–**
Borrowings	**11,293**	**11,304**	**7,434**	**1,023**	**1,022**	**1,825**
	85,301	**85,312**	**81,442**	**1,023**	**1,022**	**1,825**
2016						
Trade payables	19,820	19,820	19,820	–	–	–
Other creditors and accruals	92,772	92,772	92,772	–	–	–
Borrowings	11,822	11,855	5,940	1,023	1,022	3,870
	124,414	124,447	118,532	1,023	1,022	3,870

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

(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.

(f) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the end of the reporting period are categorised as follows. See Notes 2.9 and 2.12 for explanations about how the classification of financial instruments affects their subsequent measurement.

	2017	2016
	HK$'000	HK$'000
Financial assets		
Available-for-sale financial asset	**4,745**	4,745
Loans and receivables:		
Trade receivables	**119,403**	167,875
Loan receivables	**18,750**	–
Other debtors	**4,832**	3,043
Cash and bank balances	**1,575,157**	1,735,602
	1,722,887	1,911,265
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	**19,282**	19,820
Other creditors and accruals	**54,726**	92,772
Borrowings	**11,293**	11,822
	85,301	124,414

36. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 31 March 2017 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up capital	Principal activity
Don Bon Property Limited	Hong Kong	HK$1	Investing holding
Long Universal Limited#	Hong Kong	HK$1	Canteen operation
Lucky Million Limited#	Hong Kong	HK$1	Transportation service
On.cc Limited#	Hong Kong	HK$2	Website service provider
On.cc Production Limited	Hong Kong	HK$100	Website contents production
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 FA Limited	Hong Kong	HK$100	Property leasing and money lending
Oriental Paperzine Limited	Hong Kong	HK$100	Magazine publication
Oriental Press Centre Limited	Hong Kong	HK$100	Property holding
Oriental Publications Limited	Hong Kong	HK$100	Publication services
The Sun News Publisher Limited#	Hong Kong	HK$100	Inactive**
ORO Group Pty Limited#*	Australia	AUD8,500,000	Property investment
Pacific Resort Holding Pty Limited##*	Australia	AUD3,150,000	Hotel property investment

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
** During the year, The Sun News Publisher Limited ceased the business of newspaper publication

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	**5,708**	8,459
Available-for-sale financial asset	**4,745**	4,745
Investments in subsidiaries	**1**	1
	10,454	13,205
Current assets		
Other debtors, deposits and prepayment	**217**	217
Amounts due from subsidiaries	**2,369,255**	2,451,583
Taxation recoverable	**3,394**	3,994
Cash and bank balances	**3,592**	2,979
	2,376,458	2,458,773
Current liabilities		
Trade payables	**4,397**	3,670
Net current assets	**2,372,061**	2,455,103
Total assets less current liabilities	**2,382,515**	2,468,308
Non-current liability		
Deferred tax liabilities	**584**	949
Net assets	**2,381,931**	2,467,359
EQUITY		
Share capital	**1,413,964**	1,413,964
Reserves	**967,967**	1,053,395
Total equity	**2,381,931**	2,467,359

The Company's statement of financial position was approved and authorised for issue by the Directors on 23 June 2017 and signed on its behalf by:

Ching-fat MA *Director*	**Ching-choi MA** *Director*

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

38. RESERVES OF THE COMPANY

	Retained profit HK$'000	Proposed dividends HK$'000	Total HK$'000
At 1 April 2015	1,000,411	47,958	1,048,369
2015 final dividend paid	–	(47,958)	(47,958)
2016 interim dividend paid	(23,979)	–	(23,979)
Profit and total comprehensive income for the year	76,963	–	76,963
At 31 March 2016 and 1 April 2016	1,053,395	–	1,053,395
2016 final dividend paid	(23,979)	–	(23,979)
2016 special dividend paid	(47,958)	–	(47,958)
2017 interim dividend paid	(47,958)	–	(47,958)
2017 special dividend paid	(191,834)	–	(191,834)
Profit and total comprehensive income for the year	226,301	–	226,301
At 31 March 2017	**967,967**	**–**	**967,967**

39. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Directors' emoluments for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, are as follows:

	Fees	Salaries and allowances	Contribution to defined contribution plan	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2017				
Executive Directors				
Mr. Ching-fat MA	**–**	**19,500**	**18**	**19,518**
Mr. Ching-choi MA	**–**	**15,600**	**18**	**15,618**
Mr. Shun-chuen LAM	**–**	**2,160**	**18**	**2,178**
Non-executive Director				
Mr. Dominic LAI	**120**	**–**	**–**	**120**
Independent non-executive Directors				
Mr. Yau-nam CHAM	**110**	**–**	**–**	**110**
Mr. Ping-wing PAO	**140**	**–**	**–**	**140**
Mr. Yat-fai LAM	**155**	**–**	**–**	**155**
	525	**37,260**	**54**	**37,839**
Year ended 31 March 2016				
Executive Directors				
Mr. Ching-fat MA	–	19,500	18	19,518
Mr. Ching-choi MA	–	15,600	18	15,618
Mr. Shun-chuen LAM	–	2,243	18	2,261
Non-executive Director				
Mr. Dominic LAI	120	–	–	120
Independent non-executive Directors				
Mr. Yau-nam CHAM	110	–	–	110
Mr. Ping-wing PAO	140	–	–	140
Mr. Yat-fai LAM	150	–	–	150
	520	37,343	54	37,917

39. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

The Directors' emoluments disclosed above are mainly for their services in connection with the management of the affairs of the Company and the Group.

The Directors' emoluments are determined with reference to their 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 years ended 31 March 2017 and 2016, no emoluments had been paid by the Group to the Directors or the five highest-paid individuals referred to in Note 13 as an inducement to join or upon joining the Group or as a compensation for loss of office.

(b) Directors' material interests in transactions, arrangements or contracts

No transactions, arrangements and contracts of significance to which the Group as a party and in which a Director had material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) Loans, quasi-loans and other dealings in favour of Directors

No loans, quasi-loans and other dealings in favour of the Directors or body corporate controlled by such Directors, or entities connected with such Directors, subsisted at the end of the year or at any time during the year.

Five Year Financial Summary

	For the year ended 31 March				
	2013	2014	2015	2016	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
	(Restated)	(Restated)	(Restated)		
Revenue	1,457,461	1,436,486	1,324,717	1,181,233	**1,000,303**
Profit attributable to owners of the Company	112,351	98,711	60,786	54,612	**163,889**
Total assets	3,021,012	2,996,698	2,852,569	2,844,120	**2,677,711**
Total liabilities	(241,164)	(273,870)	(193,028)	(203,304)	**(180,841)**
Non-controlling interests	(2,570)	(2,166)	(2,576)	(3,306)	**(5,812)**
Equity attributable to owners of the Company	2,777,278	2,720,662	2,656,965	2,637,510	**2,491,058**

Schedule Of Major Properties

Details of the Group's major properties as at 31 March 2017 are as follows:

LAND AND BUILDINGS

Location	Approximate floor area	Group category	Existing 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
Metro Aspire Hotel 383 Bulwara Road Ultimo 2007 Sydney Australia	31,000 Sq ft	Commercial	Freehold	90%	Operating hotel business by licensee
2 Short Street Double Bay NSW Australia	6,600 Sq ft	Commercial	Freehold	100%	Investment property
29, 31 & 33 Bay Street Double Bay NSW Australia	4,800 Sq ft	Commercial	Freehold	100%	Investment property
35, 37 & 39 Bay Street Double Bay NSW Australia	8,000 Sq ft	Commercial	Freehold	100%	Investment property