

ORIENTAL PRESS GROUP LTD ANNUAL REPORT

2018

(Stock Code : 18)

ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ching-fat MA, *BBS*
Chairman

Mr. Ching-choi MA
Vice Chairman

Mr. Shun-chuen LAM
Chief Executive Officer

Non-executive Director

Mr. Dominic LAI

Independent Non-executive Directors

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

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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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Management Discussion and Analysis

RESULTS

For the year ended 31 March 2018 (the “Reporting Year”), the audited consolidated profit attributable to owners of Oriental Press Group Limited (the “Company”) amounted to HK\$158,134,000. As compared to the same period last year, the profit decreased HK\$5,755,000 representing a decline of 3.5%, which was mainly due to the decrease of advertising income of newspaper.

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 2018 amounted to approximately HK\$1,433,565,000 (2017: HK\$1,684,180,000), which includes time deposits, bank balances and cash amounting to approximately HK\$1,249,413,000 (2017: HK\$1,575,157,000). As at 31 March 2018, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 0.3% (2017: 0.4%).

During the Reporting Year, the Group’s capital expenditure was approximately HK\$10,963,000 (2017: HK\$28,832,000).

CONTINGENT LIABILITY

As at 31 March 2018, the Group had no material contingent liability.

DIVIDENDS

The directors of the Company (the “Director(s)”) recommend a final dividend of HK4 cents (2017: HK4 cents and special dividend of HK2 cents) per share of the Company (the “Share”) for the Reporting Year, payable to the shareholders of the Company (the “Shareholders”) whose names appear on the Register of Members of the Company on 21 August 2018. Together with the paid interim dividend of HK2 cents (2017: HK2 cents) per Share and special interim dividend of HK25 cents (2017: special dividend of HK8 cents) per Share, the dividends for the year amount to HK31 cents (2017: HK16 cents) per Share. The proposed final dividend will be payable on or around 3 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 9 August 2018 to 15 August 2018 (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 15 August 2018 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 8 August 2018.

Subject to Shareholders’ approval at the AGM, the proposed final dividend will be distributed to the Shareholders whose names appear on the Register of Members of the Company on 21 August 2018. The Register of Members of the Company will be closed on 21 August 2018. In order to qualify for payment of the recommended final 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 20 August 2018.

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 2018, the Group employed 1,459 (2017: 1,548) 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, 22 June 2018

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 2018 (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 2018 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 86 of the Annual Report respectively.

The consolidated statement of cash flows for the Reporting Year is set out on pages 37 to 38 of the Annual Report.

The Board of Directors (the “Board”) recommends a final dividend of HK4 cents per share of the Company (the “Share”) payable to the shareholders of the Company (the “Shareholder(s)”), whose names appear on the Register of Members of the Company on 21 August 2018, which is expected to amount to HK\$95,916,000 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 39 of the 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 2018 calculated under section 297 of the Companies Ordinance amounted to HK\$888,389,000 (2017: HK\$967,967,000).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 93 of the Annual Report.

Directors' 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\$2,000.

BUSINESS REVIEW

"Oriental Daily News" continues to be the best-selling and most widely read paid newspaper in Hong Kong, and has so remained the last 42 consecutive years. It is truly "The Paper for Hong Kong" as well as the Group's main source of earnings. According to the readers research of Kantar TNS, a subsidiary of the world's second largest market research company, the Kantar Group, conducted in September 2017, the readership of "Oriental Daily News" reached 3,486,550, 111% more than that of "Apple Daily". Most readers interviewed believed that the news reported by "Oriental Daily News" were fast, extensive, credible and worthy. Having been maintaining a prominent presence in Hong Kong for nearly 50 years, "Oriental Daily News" has become an authority in the industry with its professionalism and aggressiveness. Because of its incontestable strength and reputation, "Oriental Daily News" has extensive support of its readers and advertisers.

"on.cc" is the news portal with the largest number of viewers and page views, and the longest time of viewing in Hong Kong. It has recorded a highest monthly number of page views of 62 million and more than 7.52 million downloads of mobile applications, setting another record. Having gained an early insight into the unlimited potential of digital media, the Group has accelerated its pace of development and built "on.cc" into a news platform combining information with functionality. With the Group's outstanding professional team, "on.cc" is capable to release important news within the shortest time, which is highly appreciated by netizens. "on.cc" instantly transmits information transcending any distance across the world. "on.cc" is the first news media in Hong Kong to adopt Chatbot and WhatsApp to release information, extending the reach of its news. In addition to being a partner of renowned Internet media, "on.cc" is also a content provider of NetEase, Tencent, PCCW and Hutchison Telecom, proving that it is a preferred choice in the industry. In respect of the mobile application, "Racecourse Boss" has become one of the most popular racing information mobile applications by horse racing fans, contributing to the Group's revenue. A "professional edition" with enhanced functions was released during the Reporting Year. Moreover, in respect of the mobile game business "Hall of Sic Bo" (骰寶坊) has been launched in the market during the Reporting Year, while the production team keeps researching and developing other games. We believe that with time, the Group's mobile game business will generate satisfactory results.

"ontv" continued to lead the industry of online television platforms. In addition to providing real-time news videos on a 24-hour basis, it also partners with "on.cc" and Facebook to make simultaneous live coverage of a number of major events in Hong Kong. Its diversified special collections and programmes are popular with netizens. "ontv" offers the best live broadcast of sports events in the industry, and it is also the first digital platform in Hong Kong to obtain authorisation from The Hong Kong Jockey Club and the Hong Kong Football Association to make live report on horse racing, Mark Six and "Hong Kong Premier League". During the Reporting Year, the live-broadcasting of "ontv" even expanded to cover a number of top-ranking sports events in Europe and the United States, further increasing its market share.

Directors' Report

“Money18” is one of the financial information websites with the highest page views in Hong Kong. During the Reporting Year, the page views of “Money18” surged sharply at the back of the buoyant equity market of Hong Kong. The mobile application witnessed more than 1.89 million downloads, making it one of the most popular financial information mobile applications. With the number of followers on its Facebook exceeding 65,000, it has become the most popular financial information social platform in Hong Kong, establishing its market leadership. The real-time stock quote of “Money18” has always been well received by investors. Its insightful and unique commentaries are the best references for the trend of the investment markets. During the Reporting Year, “Money18” focused on enhancing the information and data analysis functions, and launched “Real Time Tips” (貼市貼士) to keep close track of market conditions, with “52-week high/low” prices added and the “stock quote” recording function improved. In addition, a 360-degree panoramic technology has been applied to enrich and diversify the news contents, adding fun to browsing of information by users.

During the Reporting Year, the Group's local and overseas property investment recorded satisfactory return. In particular, the rental properties in Australia showed outstanding performance. The rental income increased by 30.5% and the license fee income from hotel property rose by 52.9% as compared with the same period last year. The average valuation of properties increased by approximately 11.8% as compared with the same period last year, contributing HK\$39,084,000 in the fair value adjustment of the Group's investment properties.

In the last year, the property prices in Hong Kong continued to rise amid strong market demand, which was favourable to the development of the Group's mortgage loan business. Oriental FA has moved onto the right track gradually, recording satisfactory growth of revenue. During the Reporting Year, its loan interest income amounted to HK\$3,701,000, representing an increase of 249% as compared with the same period last year, with no bad debts recorded.

Reviewing this year, the buoyant investor sentiment in the property market and the stock market of Hong Kong has driven economic growth, but the consumer market showed no sign of prosperity. Amid the further decline in the market share of printed media in the advertising market, “Oriental Daily News” was unable to benefit from the economic expansion. The overall revenue for the year declined by approximately 5.4% as compared with the same period of last year to HK\$824,189,000. In contrast, the advertising market of the digital media business recorded a satisfactory increase, contributing to an increase in the Group's revenue from the digital media business. This shows that digital media advertising has become a focus of the market. Fortunately, the Group has long been adjusting its investment strategy in response to the changes in the media market. The Group's businesses including digital media, money lending and local property investment have successfully increased the sources of revenue. The cost-saving measures implemented over the past year have also proved effective, bringing the Group's overall results at a stable level. With a view to maintaining the competitive strength of each business, the Group has committed to recruit talents and enhance the competence of its professional teams. In acknowledgement of the employees' efforts in the past year, the Group had paid special bonus in the sum of approximately HK\$20,251,000 during the Reporting Year.

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.

The emissions, such as chemical wastes, waste water, waste paper and exhaust caused during the operation of the Group, are mainly from production plants, staff canteen and vehicles fleet. In respect of reduction of wastes and pollution, 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. Furthermore, to reduce exhaust emissions, the Group has required the news vehicles to strictly abide by the law of “switching off idling engines”. All shuttle buses of the Group have been replaced with vehicles which meet the EU 5 emission standards.

Directors' Report

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 addition 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 which may have legal issue, 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 strictly 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 designated to prevent the unauthorized access to personal data.

Directors' Report

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 develops and gives 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 13.1%.

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.

Directors' Report

BUSINESS OUTLOOK

The short supply of newsprint in recent years has resulted in price increase, which is set to pose higher pressure on the operation of the Group's printed media in the next year. In order to control costs, the Group has adopted a series of cost-saving measures and has also reorganised its staffing on their competence so as to rationalise labour costs. On the other hand, the Board believes that the flow of advertisements from the printed media to the digital media has showed signs of a slowdown. Capitalising on its strength in terms of market share, the Group will work with advertisers in a form which combines newspaper, website and video production to cover readers of all classes and age groups, thereby increasing the effectiveness of advertising and contributing to steady advertising income.

In response to the current development trend of the media, the Group has invested additional resources in "on.cc", with the aim of attracting more users and improving the click through rate, thereby increasing revenue. In addition to traditional news and information, soft news of hot topics in which the public is also interested will be offered. In future, "on.cc" will combine news, live broadcast of sports events, leisure, entertainment and shopping. It will also introduce a membership system to enhance the cohesion and loyalty of users of "on.cc". Unlike traditional television stations, "ontv" is able to provide netizens with the latest news and information by capitalising on its streamlined staffing and the advantages of digital technologies and the Internet, thereby achieving high efficiency at low costs. Fully aware of the increasingly important role of video network in the media market, the Group is currently focused on enhancing the positioning of "ontv" to make its image clearer and more distinct, thereby increasing its market share.

The Board anticipates that the property market of Hong Kong will continue to be on an upward trend in the coming year, which will contribute to the growth of the Group's money lending business. As the United States Federal Reserve anticipates multiple interest rate hikes this year, the lending rate of Oriental FA is believed to have room for upward adjustments. Oriental FA will continue to partner with intermediaries of excellent credit standing to select quality customers based on a prudent principle, so as to balance risks while seeking higher returns.

The economy of Hong Kong is expected to maintain steady growth in the forthcoming year. With the prospective announcement of detailed development planning of the Guangdong-Hong Kong-Macao Greater Bay Area, the opening of the Hong Kong-Zhuhai-Macao Bridge and the Express Rail Link Hong Kong Section, the integration between Hong Kong and neighbouring cities is expected to be accelerated. This will bring new momentum to the economy of Hong Kong and benefit the development of all industries. The Group's advertising business will also be benefited in turn. However, the economy is faced with a variety of factors. The on-going trade disputes between China and the United States will definitely have an impact on the global economy. If the stock market and the property market of Hong Kong decline, the Group's advertising business and money lending business would be affected to different extent. However, the Group has confidence in its prospect, and has the ability to cope with various challenges ahead. The Board will keep close track of changes in the global economy and make investment decisions when appropriate, with a view to safeguarding the interests of the Shareholders.

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. Ching-choi MA, Mr. Dominic LAI and Mr. Yau-nam CHAM shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting (the "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/subsidiaries2018.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 the 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.

Directors' Report

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 2018 were as follows:

Interests in the Company

Name of Director	Capacity	Number of ordinary Shares held				Note	Percentage of shareholding
		Personal interests	Family interests	Corporate interests	Other interests (Long Position)		
Ching-fat MA	Founder of a discretionary trust	-	-	-	1,552,651,284	(i)	64.75%
	Interest of controlled corporation	-	-	149,870,000	-	(ii)	6.25%
Ching-choi MA	Interest of controlled corporation	-	-	95,916,000	-	(iii)	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 holds the entire issued share capital of Perfect Deal Trading Limited, which in turn holds 149,870,000 Shares. Mr. Ching-fat MA is deemed to be interested in the same parcel of Shares held by Perfect Deal Trading Limited under the SFO.
- (iii) Mr. Ching-choi MA holds the entire issued share capital of Prosper Time Trading Limited, which in turn holds 95,916,000 Shares. Mr. Ching-choi MA is deemed to be interested in the same parcel of Shares held by Prosper Time Trading Limited 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 2018.

Directors' Report

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 the 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 2018 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%
Perfect Deal Trading Limited	Beneficial owner	149,870,000		6.25%
Mui-fong HUNG	Interest of spouse	1,702,521,284	(iii)	71.00%

Directors' Report

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) Ms. Mui-fong HUNG, as the spouse of Mr. Ching-fat MA, is deemed to be interested in the same parcel of Shares comprised in the trust assets of Marsun Trust under the SFO as Mr. Ching-fat MA is the founder of Marsun Trust. Further, Ms. Mui-fong HUNG, as the spouse of Mr. Ching-fat MA, is deemed to be interested in the same parcel of Shares held by Perfect Deal Trading Limited under the SFO as Mr. Ching-fat MA holds the entire issued share capital of Perfect Deal Trading Limited.

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 2018.

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 54% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer amounted to approximately 25%.

The percentage of purchases attributable to the Group's five largest suppliers is approximately 49% 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 24%.

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 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

22 June 2018

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ching-fat MA, *BBS*, aged 58, 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 56, 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 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 69, 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 71, 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 NWS Holdings Limited and Chuang's China Investments Limited (with effect from 1 December 2017). Besides, Mr. LAI resigned as a non-executive director of Midas International Holdings Limited with effect from 26 January 2018, all of these companies are public companies listed on the Stock Exchange. Mr. LAI is a senior partner of a Hong Kong law firm, Lu, 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 71, 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 70, 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. 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 52, 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 accumulated rich experience in auditing, taxation, corporate finance and accounting over the years.

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 2018 (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. Yau-nam CHAM, who is independent non-executive Director and has served the Board for more than 9 years, will retire by rotation and offer himself for re-election at the Company’s forthcoming AGM in 2018. The re-election of Mr. Yau-nam CHAM as independent non-executive Director will be considered by a vote on separate resolutions at the Company’s forthcoming AGM.

Corporate Governance Report

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.

Corporate Governance Report

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")	Remuneration committee of the Board (the "Remuneration Committee")	Nomination Committee Meeting	AGM
		Meetings	Meeting		
Meetings attended/held					
* Mr. Ching-fat MA, <i>BBS</i>	4/4	–	–	–	1/1
* Mr. Ching-choi MA	4/4	–	–	–	1/1
* Mr. Shun-chuen LAM	4/4	–	–	1/1	1/1
^ Mr. Dominic LAI	4/4	2/2	–	–	1/1
# Mr. Yau-nam CHAM	4/4	–	–	–	1/1
# Mr. Ping-wing PAO, <i>JP</i>	4/4	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 88 and 89 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

Corporate Governance Report

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 2017, unaudited interim consolidated financial statements for the six months ended 30 September 2017 and the internal control reports.

Corporate Governance Report

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 Governance Report

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.

Corporate Governance Report

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\$1,080,000, being the audit fees in full in relation to the audit services rendered and approximately HK\$197,000 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 92, which comprise the consolidated statement of financial position as at 31 March 2018, 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 2018, 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 ("HKSA") 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.

Independent Auditor's Report

Key Audit Matter: Revenue recognition

Refer to Note 5 to the consolidated financial statements.

We identified revenue recognition as a key audit matter due to the significance of the amount of revenue to the consolidated statement of profit or loss and other comprehensive income. Revenue from the publication of newspapers and the internet subscription and advertising income represented 97% of the Group's total turnover.

Revenue from the publication of newspapers amounted to HK\$824,189,000 (2017: HK\$871,205,000) for the year ended 31 March 2018. 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\$122,209,000 (2017: HK\$106,753,000) for the year ended 31 March 2018. 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 available evidence.

Key Audit Matter: Impairment assessment of trade receivables

Refer to Note 20 to the consolidated financial statements.

As at 31 March 2018, trade receivables amounted to approximately HK\$122,583,000 (2017: HK\$122,939,000) and impairment allowance is approximately HK\$4,170,000 (2017: HK\$3,536,000). We identified impairment assessment of trade receivables as a key audit matter because management judgement is required in assessing and determining the recoverability of trade receivables and the adequacy of the allowance made.

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

Independent Auditor's Report

How our audit addressed the Key Audit Matter

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

- obtaining an understanding of the Group's procedures on credit limits and credit periods given to customers;
- evaluating the design and implementation of controls applied by management in determining the provision for doubtful debts;
- evaluating 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;
- 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 as well as 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 available evidence.

Key Audit Matter: Impairment of leasehold building

Refer to Note 14 to the consolidated financial statements.

We identified the impairment of leasehold building as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgments associated with determining the impairment of leasehold building.

The Group has leasehold building with carrying values of HK\$344,620,000 (2017: HK\$356,503,000) as at 31 March 2018, representing 73% of the Group's total property, plant and equipment. 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.

Independent Auditor's Report

How our audit addressed the Key Audit Matter

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

- evaluating the independent external valuer's competence, capabilities and objectivity;
- assessing the valuation methodologies used and the appropriateness of the key assumptions; and
- discussing the valuation with the valuer and challenging key estimates adopted in the valuation, 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 an 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.

We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgement associated with the determination the fair value.

The Group's investment properties are located in Hong Kong and Australia. Management has estimated the fair value of the Group's investment properties to be HK\$599,329,000 (2017: HK\$322,987,000) as at 31 March 2018, representing 23% of the Group's total assets. 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 appropriateness of the resale values and market unit rents estimated by the external valuers based on the recent transaction prices in 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 available evidence. The fair market rents as supported by recent renewals were in line with our expectation.

Independent Auditor's Report

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 services 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\$12,671,000 (2017: HK\$19,601,000) as at 31 March 2018 and there were over-provision in respect of prior years of approximately HK\$4,740,000 (2017: 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 significant judgement and assumptions used in the calculations.

The abovementioned balances involve accounting estimates that have been identified as having high estimation uncertainty, we consider the 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 estimation 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 relevant 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 accuracy 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.

Independent Auditor's Report

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.

Independent Auditor's Report

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

(Continued)

As part of an audit in accordance with HKSAAs, 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.

Independent Auditor's Report

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

(Continued)

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

Ng Fai Fiona

Practicing Certificate Number P04986

Hong Kong, 22 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Revenue	5	976,204	1,000,303
Other income	5	50,003	48,468
Raw materials and consumables used		(160,667)	(179,868)
Staff costs including directors' emoluments	7	(564,762)	(562,445)
Depreciation		(54,790)	(58,081)
Other operating expenses		(113,955)	(118,000)
Gain on bargain purchase	41	3,027	–
Fair value adjustments on investment properties		50,084	74,664
Net exchange gain		2,234	1,857
Net gain on disposal and write-off of property, plant and equipment		1,581	482
Profit from operations	8	188,959	207,380
Finance costs	9	(306)	(278)
Profit before tax		188,653	207,102
Income tax expense	10	(29,094)	(40,762)
Profit for the year		159,559	166,340
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange gain on translation of financial statements of foreign operations		2,030	1,443
Other comprehensive income for the year, net of tax		2,030	1,443
Total comprehensive income for the year		161,589	167,783
Profit for the year attributable to:			
Owners of the Company		158,134	163,889
Non-controlling interests		1,425	2,451
		159,559	166,340
Total comprehensive income attributable to:			
Owners of the Company		160,095	165,277
Non-controlling interests		1,494	2,506
		161,589	167,783
Earnings per share	12		
– Basic		HK 6.59 cents	HK6.83 cents
– Diluted		HK 6.59 cents	HK6.83 cents

Consolidated Statement of Financial Position

At 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	470,617	518,156
Leasehold land	15	22,844	23,632
Investment properties	16	599,329	322,987
Available-for-sale financial asset	17	4,745	4,745
Deferred tax assets	18	11,175	12,877
		<u>1,108,710</u>	<u>882,397</u>
Current assets			
Inventories	19	37,806	57,770
Trade receivables	20	118,413	119,403
Loan receivables	21	92,646	18,750
Other debtors, deposits and prepayments	22	15,533	18,704
Taxation recoverable		11,637	5,530
Cash and bank balances	23	1,249,413	1,575,157
		<u>1,525,448</u>	<u>1,795,314</u>
Current liabilities			
Trade payables	24	10,508	19,282
Other creditors, accruals and deposits received	25	66,648	71,018
Taxation payable		7,321	11,365
Borrowings	26	7,406	9,469
		<u>91,883</u>	<u>111,134</u>
Net current assets		<u>1,433,565</u>	<u>1,684,180</u>
Total assets less current liabilities		<u>2,542,275</u>	<u>2,566,577</u>
Non-current liabilities			
Borrowings	26	–	1,824
Deferred tax liabilities	18	75,648	67,883
		<u>75,648</u>	<u>69,707</u>
Net assets		<u>2,466,627</u>	<u>2,496,870</u>

Consolidated Statement of Financial Position

At 31 March 2018

	Note	2018 HK\$'000	2017 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	1,413,964	1,413,964
Reserves		<u>1,045,357</u>	<u>1,077,094</u>
		2,459,321	2,491,058
Non-controlling interests		<u>7,306</u>	<u>5,812</u>
Total equity		<u>2,466,627</u>	<u>2,496,870</u>

The Group's consolidated financial statements were approved and authorised for issue by the Board of Directors on 22 June 2018 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 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Operating activities			
Profit before tax		188,653	207,102
Adjustments for:			
Interest income		(13,232)	(9,437)
Interest expenses	9	306	278
Impairment losses on trade receivables		711	691
Depreciation	14	54,790	58,081
Net exchange gain	8	(2,234)	(1,857)
Amortisation of leasehold land	15	788	788
Gain on bargain purchase	41	(3,027)	–
Fair value adjustments on investment properties	16	(50,084)	(74,664)
Net gain on disposal and write-off of property, plant and equipment	8	(1,581)	(482)
Operating profit before working capital changes		175,090	180,500
Decrease/(increase) in inventories		19,964	(6,899)
Decrease in trade receivables		279	47,781
Increase in loan receivables		(73,665)	(18,750)
Decrease in other debtors, deposits and prepayments		888	650
Decrease in trade payables		(8,774)	(538)
Decrease in other creditors, accruals and deposits received		(6,742)	(37,034)
Cash generated from operations		107,040	165,710
Income tax paid		(32,871)	(12,569)
Income tax refunded		1,463	5,632
Net cash generated from operating activities		75,632	158,773
Investing activities			
Acquisition of a subsidiary	41	(213,965)	–
Purchase of property, plant and equipment		(8,962)	(5,069)
Additions to investment properties	16	(2,001)	(23,763)
Net proceeds from disposal of property, plant and equipment		195	13,815
Interest received		15,406	6,401
Net cash used in investing activities		(209,327)	(8,616)

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Financing activities			
Dividends paid	11b	(191,832)	(311,729)
Interest paid		(306)	(278)
New other loan raised		–	1,458
Repayment of obligations under finance leases		(702)	(2,023)
Repayment of other loan		(129)	–
		<hr/>	<hr/>
Net cash used in financing activities		(192,969)	(312,572)
		<hr/>	<hr/>
Net decrease in cash and bank balances		(326,664)	(162,415)
		<hr/>	<hr/>
Cash and bank balances at 1 April		1,575,157	1,735,602
Effect of foreign exchange rate changes		920	1,970
		<hr/>	<hr/>
Cash and bank balances at 31 March	23	1,249,413	1,575,157
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Equity attributable to owners of the Company						Total equity HK\$'000
	Share capital HK\$'000	Exchange reserve HK\$'000 (Note)	Properties revaluation reserve HK\$'000 (Note)	Retained profits HK\$'000 (Note)	Total HK\$'000	Non-controlling interests HK\$'000	
At 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 and 1 April 2017	1,413,964	21,825	9,700	1,045,569	2,491,058	5,812	2,496,870
2017 final dividend paid	-	-	-	(95,916)	(95,916)	-	(95,916)
2017 special dividend paid	-	-	-	(47,958)	(47,958)	-	(47,958)
2018 interim dividend paid	-	-	-	(47,958)	(47,958)	-	(47,958)
Transactions with owners	-	-	-	(191,832)	(191,832)	-	(191,832)
Profit for the year	-	-	-	158,134	158,134	1,425	159,559
Other comprehensive income — Exchange gain on translation of financial statements of foreign operations	-	1,961	-	-	1,961	69	2,030
Total comprehensive income for the year	-	1,961	-	158,134	160,095	1,494	161,589
At 31 March 2018	1,413,964	23,786	9,700	1,011,871	2,459,321	7,306	2,466,627

Note: These reserve accounts comprise the consolidated reserves of HK\$1,045,357,000 (2017: HK\$1,077,094,000) in the consolidated statement of financial position of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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 92 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.2 Basis of preparation *(Continued)*

Fair Value (Continued)

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.3 Basis of consolidation *(Continued)*

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.

When the Group loses 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.6 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.6 Foreign currency translation *(Continued)*

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.

2.7 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.

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.

2.8 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 2.14. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.9 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.

2.10 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 asset. 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.10 Financial assets *(Continued)*

(ii) Available-for-sale financial asset

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 asset.

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 asset 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 asset 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.10 Financial assets *(Continued)*

Impairment of financial assets (Continued)

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.

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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.10 Financial assets *(Continued)*

Impairment of financial assets (Continued)

(iii) Financial assets carried at cost

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

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.

2.11 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.

2.12 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.

2.13 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.13 Financial liabilities *(Continued)*

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 2.14.

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.

2.14 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.14 Leases *(Continued)*

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.

2.15 Provisions, contingent liabilities and contingent assets

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.

2.16 Share capital

Ordinary shares are classified as equity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.17 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.

2.18 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.18 Impairment of tangible and intangible assets other than goodwill *(Continued)*

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.

2.19 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.

Long service payments

Employees who have completed at least five years of services with the Group are entitled to a 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 services in the current and prior periods, calculated in accordance with the applicable laws in Hong Kong.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.20 Borrowing costs

All borrowing costs are expensed as incurred.

2.21 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.21 Taxation *(Continued)*

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 or 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.

2.22 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; or
- (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;
 - (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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

2.23 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 AND AMENDED HKFRSs

In the current year, the Group has adopted the following amendments to HKFRSs issued by the HKICPA, which are or have become effective for the Group's financial year beginning on 1 April 2017:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendments)	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3. APPLICATION OF NEW AND AMENDED HKFRSs (Continued)

Up to the date of issue of these consolidated financial statements, the following amendments and new standards issued by HKICPA are not yet effective for the year ended 31 March 2018 and have not been adopted in these consolidated financial statements:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions ¹
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
HKFRS 9	Financial Instruments ¹
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensations ²
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Lease ²
HKFRS 17	Insurance Contracts ⁵
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS	Annual Improvements to HKFRSs 2014–2016 Cycle except amendments to HKFRS 12 ⁴
HKFRS	Annual Improvements to HKFRSs 2015–2017 Cycle ²
HKAS 19 (Amendments)	Employee Benefits ²
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures ²
HKAS 40 (Amendments)	Transfers of Investment Property ¹
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²

Notes:

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

⁵ Effective for annual periods beginning on or after 1 January 2021.

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 match 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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

Critical judgements in applying accounting policies *(Continued)*

(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 2.9. The fair value of the Properties is determined by qualified independent 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 with actual market data and actual transactions entered into by the Group.

(ii) *Estimation of impairment of leasehold building*

Leasehold building is reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs to sell and value in use of the leasehold building. Management makes judgments on whether such events or changes in circumstances have occurred, and makes estimates in determining the recoverable amount.

(iii) *Depreciation*

The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful lives as mentioned in Note 2.7, 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.

(iv) *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.

(v) *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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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:

	2018	2017
	HK\$'000	HK\$'000
Publication of newspapers	824,189	871,205
Internet subscription and advertising income	122,209	106,753
Rental income from investment properties	11,474	7,197
License fee income from hotel property	10,416	6,811
Income from restaurant operation	7,916	8,337
	976,204	1,000,303

	2018	2017
	HK\$'000	HK\$'000
Included in other income are:		
Interest earned on bank deposits	9,531	8,377
Interest earned on loan receivables	3,701	1,060
Sales of scrap materials	3,249	2,936
Over-provision of long service payments	4,740	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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

6. SEGMENT INFORMATION (Continued)

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	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Reportable segment revenue from external customers	946,398	977,958	29,806	22,345	976,204	1,000,303
Reportable segment profit	129,818	139,783	60,841	75,779	190,659	215,562
Unallocated corporate income					36,252	29,593
Unallocated corporate expenses					(38,258)	(38,053)
Profit before tax					188,653	207,102
Other information						
Depreciation and amortisation	(54,625)	(57,924)	(953)	(945)	(55,578)	(58,869)
Fair value adjustments on investment properties	–	–	50,084	74,664	50,084	74,664
Addition to investment properties through business combination	–	–	220,000	–	220,000	–
Additions to non-current assets (property, plant and equipment and investment properties) during the year	7,981	4,542	2,982	24,290	10,963	28,832

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

6. SEGMENT INFORMATION (Continued)

Reportable segment assets and liabilities

	Publication of newspapers		All other segments		Unallocated		Total	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
ASSETS								
Segment assets	772,660	766,605	607,340	331,204	-	-	1,380,000	1,097,809
Available-for-sale financial asset	-	-	-	-	4,745	4,745	4,745	4,745
Cash and bank balances	-	-	-	-	1,249,413	1,575,157	1,249,413	1,575,157
Consolidated total assets	772,660	766,605	607,340	331,204	1,254,158	1,579,902	2,634,158	2,677,711
LIABILITIES								
Segment liabilities	127,166	136,163	40,365	44,678	-	-	167,531	180,841

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

	Revenue from external customers		Non-current assets	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Hong Kong (country of domicile)	956,253	986,295	719,759	537,237
Australia	19,951	14,008	373,031	327,538
	976,204	1,000,303	1,092,790	864,775

The geographical location of customers is determined based on the location in which the services were provided or the goods were 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 asset (other than the financial asset 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\$424,161,000 (2017: HK\$411,144,000) out of the Group's revenue of HK\$976,204,000 (2017: HK\$1,000,303,000) was contributed by two (2017: two) customers. No other single customer contributed 10% or more to the Group's revenue for both 2018 and 2017.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

7. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2018 HK\$'000	2017 HK\$'000
Wages and salaries	543,718	539,903
Termination benefits	1,303	2,612
Pension costs — defined contribution plans	19,741	19,930
	<u>564,762</u>	<u>562,445</u>

8. PROFIT FROM OPERATIONS

	2018 HK\$'000	2017 HK\$'000
Profit from operations is arrived at after charging/(crediting):		
Auditor's remuneration	1,080	1,061
Cost of inventories recognised as expense	160,667	179,868
Impairment losses on trade receivables	711	691
Depreciation:		
— Owned assets	54,790	55,981
— Leased assets	—	2,100
Amortisation of leasehold land	788	788
Net exchange gain	(2,234)	(1,857)
Gain on bargain purchase	(3,027)	—
Net gain on disposal and write-off of property, plant and equipment	(1,581)	(482)
Operating lease charges in respect of buildings and printing equipment	4,203	2,374
Rental income from investment properties (excluding hotel property)	(11,474)	(7,197)
Less: Outgoings associated with rental income	1,277	1,073
Rental income from investment properties (excluding hotel property) less outgoings	<u>(10,197)</u>	<u>(6,124)</u>

9. FINANCE COSTS

	2018 HK\$'000	2017 HK\$'000
Interest charges on borrowings:		
Other loan	301	256
Finance leases	5	22
	<u>306</u>	<u>278</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

10. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (2017: 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 jurisdictions in which the Group operates.

	2018 HK\$'000	2017 HK\$'000
Current tax		
– Hong Kong Profits Tax	20,860	21,365
– Overseas Income Tax	534	622
	21,394	21,987
Over provision in prior year		
– Hong Kong Profits Tax	(11)	–
– Overseas Income Tax	(600)	–
	(611)	–
Deferred taxation (Note 18)		
– Current year	8,311	18,775
	29,094	40,762

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:

	2018 HK\$'000	2017 HK\$'000
Profit before tax	188,653	207,102
Tax at the domestic income tax rate of 16.5% (2017: 16.5%)	31,128	34,172
Effect of different tax rates of subsidiaries operating in other jurisdictions	4,014	9,009
Tax effect of non-taxable revenue	(5,888)	(2,646)
Tax effect of non-deductible expenses	802	540
Over provision in respect of prior years	(611)	–
Utilisation of tax losses previously not recognised	–	(121)
Tax effect on temporary differences not recognised	87	(12)
Effect of tax losses not recognised	–	86
Effect on tax concession	(438)	(266)
Income tax expense	29,094	40,762

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

11. DIVIDENDS

(a) Dividends attributable to the year

	2018 HK\$'000	2017 HK\$'000
Interim dividend paid HK2 cents (2017: HK2 cents) per share	47,958	47,958
Special dividend paid Nil (2017: HK8 cents per share)	–	191,834
Special interim dividend HK25 cents per share (2017: Nil)	599,479	–
Proposed final dividend HK4 cents (2017: HK4 cents) per share	95,916	95,916
Proposed special dividend Nil (2017: HK2 cents per share)	–	47,958
	<u>743,353</u>	<u>383,666</u>

A special interim dividend of HK25 cents per share had been resolved by the Board on 16 April 2018 and paid to shareholders on 18 May 2018.

A final dividend of HK4 cents (2017: HK4 cents and special dividend of HK2 cents) per share has 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

	2018 HK\$'000	2017 HK\$'000
2016 Final dividend	–	23,979
2016 Special dividend	–	47,958
2017 Interim dividend	–	47,958
2017 Final dividend	95,916	–
2017 Special dividend	47,958	191,834
2018 Interim dividend	47,958	–
	<u>191,832</u>	<u>311,729</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK\$158,134,000 (2017: HK\$163,889,000) and on 2,397,917,898 (2017: 2,397,917,898) ordinary shares in issue during the year.

For the year ended 31 March 2018 and 2017, diluted earnings per share was the same as the basic earnings per share as there were no share dilution or new issue of additional shares of the Company during the year.

13. FIVE HIGHEST PAID INDIVIDUALS

The emoluments of the top five individuals during the year included three (2017: three) directors, details of whose emoluments are set out in Note 39(a). The emoluments payable to the remaining two individuals during the year (2017: two) are as follows:

	2018	2017
	HK\$'000	HK\$'000
Salaries and other benefits	4,160	4,320
Contribution to defined contribution plan	36	36
	4,196	4,356

The emoluments fall within the following bands:

	Number of individuals	
	2018	2017
Emolument bands		
HK\$2,000,001 to HK\$2,500,000	2	2

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

14. PROPERTY, PLANT AND EQUIPMENT

The Group	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 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 and 1 April 2017	546,636	837,104	124,384	7,647	24,946	1,540,717
Additions	-	3,114	2,180	-	3,668	8,962
Disposals	-	(14,283)	(4,208)	-	(2,251)	(20,742)
Exchange adjustment	-	36	89	-	23	148
At 31 March 2018	546,636	825,971	122,445	7,647	26,386	1,529,085
Depreciation						
At 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 and 1 April 2017	190,133	688,561	119,149	6,877	17,841	1,022,561
Provided for the year	11,883	35,494	2,308	659	4,446	54,790
Eliminated on disposal	-	(13,225)	(3,495)	-	(2,251)	(18,971)
Exchange adjustment	-	13	72	-	3	88
At 31 March 2018	202,016	710,843	118,034	7,536	20,039	1,058,468
Carrying values						
At 31 March 2018	344,620	115,128	4,411	111	6,347	470,617
At 31 March 2017	356,503	148,543	5,235	770	7,105	518,156

As at 31 March 2017, certain plant, machinery and printing equipment of the Group with a total net book value of HK\$986,000 were held under finance lease. During the year, the plant, machinery and printing equipment under finance lease were returned to lessor upon early termination of finance leases.

Net gain on derecognition of finance lease liability and plant, machinery and printing equipment held under finance lease amounted to HK\$2,171,000 which is included in the net gain on disposal of property, plant and equipment.

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15. LEASEHOLD LAND

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

	2018	2017
	HK\$'000	HK\$'000
In Hong Kong held on leases	22,844	23,632
	2018	2017
	HK\$'000	HK\$'000
Balance at beginning of year	23,632	24,420
Annual charges of prepaid operating lease payments	(788)	(788)
Balance at end of year	22,844	23,632

16. INVESTMENT PROPERTIES

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

	2018	2017
	HK\$'000	HK\$'000
Fair value		
Balance at beginning of year	322,987	222,758
Additions	2,001	23,763
Acquisition through business combination	220,000	–
Exchange adjustment	4,257	1,802
Fair value adjustment	50,084	74,664
Balance at end of year	599,329	322,987
Fair value adjustments on investment properties	50,084	74,664

Fair value measurement of the Group's investment properties

Investment properties situated in Australia were revalued at 31 March 2018 and 31 March 2017 by Messrs. Jeffrey Perkins & Assoc. Property Valuers & Consultants, independent qualified professional valuer not connected to the Group. Messrs. Jeffrey Perkins & Assoc. Property Valuers & Consultants is a member of the Real Estate Institute of New South Wales, 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.

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16. INVESTMENT PROPERTIES (Continued)

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

Investment properties situated in Hong Kong were revalued at 31 March 2018 and 15 December 2017 by Peak Vision Appraisals Limited, independent qualified professional valuer not connected to the Group. The valuation were arrived by reference to the current rents passing and the reversionary income potential of the tenancies or, where appropriate, by reference to comparable sales evidence as available in the relevant markets 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 2018 are as follows:

	Level 3 HK\$'000	Fair value as at 31 March 2018 HK\$'000	Fair value as at 31 March 2017 HK\$'000
Investment properties located in Australia	368,329	368,329	322,987
Investment properties located in Hong Kong	231,000	231,000	–
	<u>599,329</u>	<u>599,329</u>	<u>322,987</u>

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.
	Subject equates to approximately AUD275,000 (2017: AUD250,000) per guest room and equates to approximately AUD10,244 (2017: AUD9,313) per square metre for land and building	Improving occupancy rates	Increased fair value as a result of improved hotel market and occupancy rates.
		Increased development potential as a result of improving Sydney hotel development market	Lower expected yields equating to higher sale prices.
		Upgrading of subject has significantly improved income over long term	Lower capitalisation rate would lead to higher fair value
Income capitalisation approach from potential income stream	A potential gross income stream capitalized at 6% (2017: 6.3%) expected yield		

Notes to the Consolidated Financial Statements

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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	<p>Direct comparison approach from available sales evidence.</p> <p>Subject equates to approximately AUD12,995 (2017: AUD12,995) per square metre for land and building</p>	<p>The property has substantially higher vacancy due to loss of major tenant</p> <p>The property has some new tenancies</p> <p>In inferior location to many comparables</p> <p>Improving Sydney commercial market</p> <p>Sydney residential development has slowed</p>	<p>Moderate sensitive to market. Commercial property market has improved</p> <p>Maintained fair value due to improving commercial market</p> <p>Inferior location reduces fair value on direct comparison basis</p> <p>Increased vacancy as a result of loss of tenant has negated potential increase in value for the property</p>
Commercial and retail premises located in 29, 31 & 33 Bay Street Double Bay NSW Australia	<p>Direct comparison approach from available sales evidence.</p> <p>Subject equates to approximately AUD20,000 (2017: AUD15,385) per square meter for land and building</p>	<p>The three premises overlap and are largely utilised as a single holding</p> <p>The Sydney commercial property market has improved</p> <p>The property has future development potential</p> <p>Superior retail location</p> <p>New tenancies since last valuation</p> <p>A potential gross income stream, capitalised at approximately 4.1% (2017: 4.73%) expected yield</p>	<p>Moderately sensitive to market. Commercial market has improved. Also, improved occupancy since last assessment.</p> <p>Fair value has improved as the property has greater income and the higher prices of Sydney commercial market, resulting in lower expected yields.</p> <p>Lower capitalisation rate would lead to higher fair value</p>
Commercial and retail premises located in 35, 37 & 39 Bay Street Double Bay NSW Australia	<p>Direct comparison approach from available sales evidence.</p> <p>Subject equates to approximately AUD23,000 (2017: AUD20,000) per square meter for land and building</p>	<p>The Sydney commercial property market has improved</p> <p>The three premises overlap and are largely utilised as a single holding</p> <p>The property has development potential</p> <p>Relatively large site improves development potential</p> <p>Superior retail location</p> <p>A potential gross income stream, capitalised at approximately 4.7% (2017: 5.2%) expected yield</p>	<p>Moderate sensitive to market</p> <p>The Sydney commercial market has improved with lower expected yield resulting in higher prices</p> <p>Lower capitalisation rate would lead to higher fair value</p>

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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
Office premises located in Island Place Tower	Investment method	Term yield at 2.4%	The change in the term yield is low sensitive to fair value
Island Place No. 510 King's Road North Point Hong Kong	Market unit rent per month HK\$33.9 to HK\$36 per square feet	Reversionary yield at 2.65%	Assuming that the market rent stand, the increase in the reversionary yield would result in a decrease in fair value
			Assuming that the yield stand, the increase in the market unit rent would result in an increase in 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:

	2018 HK\$'000	2017 HK\$'000
Outside Hong Kong, freehold	368,329	322,987
In Hong Kong, medium-term	231,000	–
	<u>599,329</u>	<u>322,987</u>

17. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2018 HK\$'000	2017 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 its fair value cannot be reliably measured. The Group intends to continue to hold the membership.

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For the year ended 31 March 2018

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 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
	<u>34,987</u>	<u>41,995</u>	<u>(19,868)</u>	<u>(2,108)</u>	<u>55,006</u>
At 31 March 2017 and 1 April 2017					
Arising from acquisition of a subsidiary	977	–	–	–	977
Recognised in profit or loss (Note 10)	(3,664)	10,748	484	743	8,311
Exchange differences	–	320	(141)	–	179
	<u>–</u>	<u>320</u>	<u>(141)</u>	<u>–</u>	<u>179</u>
At 31 March 2018	<u>32,300</u>	<u>53,063</u>	<u>(19,525)</u>	<u>(1,365)</u>	<u>64,473</u>

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

	2018	2017
	HK\$'000	HK\$'000
Deferred tax assets	(11,175)	(12,877)
Deferred tax liabilities	75,648	67,883
	<u>64,473</u>	<u>55,006</u>

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. These tax losses have no expiry date. The Group has unrecognised tax losses of HK\$521,000 (2017: HK\$521,000) due to the unpredictability of the future profit streams.

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19. INVENTORIES

	2018 HK\$'000	2017 HK\$'000
Newsprint and printing materials	22,292	42,321
Spare parts and supplies	13,880	13,817
Others	1,634	1,632
	<u>37,806</u>	<u>57,770</u>

Inventories of spare parts and supplies totaling HK\$13,880,000 (2017: HK\$13,817,000) 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

	2018 HK\$'000	2017 HK\$'000
Trade receivables	122,583	122,939
Less: Allowance for doubtful debts	(4,170)	(3,536)
	<u>118,413</u>	<u>119,403</u>

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

	2018 HK\$'000	2017 HK\$'000
0–60 days	52,115	56,316
61–90 days	22,996	21,168
Over 90 days	43,302	41,919
	<u>118,413</u>	<u>119,403</u>

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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, the carrying amount of HK\$43,302,000 (2017: HK\$41,919,000) is past due but not impaired at the reporting date.

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

	2018	2017
	HK\$'000	HK\$'000
91–120 days	15,046	16,108
121–365 days	27,997	24,531
Over 365 days	259	1,280
	43,302	41,919

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:

	2018	2017
	HK\$'000	HK\$'000
Balance at beginning of year	3,536	4,171
Impairment losses recognised on receivables	745	712
Amount recovered during the year	(34)	(21)
Amounts written off as uncollectible	(77)	(1,326)
	4,170	3,536

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$745,000 (2017: HK\$712,000) which have either been placed under liquidation or in severe financial difficulties.

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For the year ended 31 March 2018

21. LOAN RECEIVABLES

The Group seeks to maintain strict control over its outstanding loan receivables to minimise credit risk. These loans (including staff property mortgage 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 1.3% per annum to 18% per annum (31 March 2017: 7.0% per annum to 7.2% per annum), mutually agreed between the contracting parties and repayable within one year or on demand.

At 31 March 2018, 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 basing on the evaluation of collectability, aging analysis of accounts and on their judgement, including the current creditworthiness and the past collection statistics, Directors consider that no impairment is required to be provided during the year.

22. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2018 HK\$'000	2017 HK\$'000
Other debtors	3,220	4,832
Deposits	7,790	6,913
Prepayments	4,523	6,959
	<u>15,533</u>	<u>18,704</u>

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

	2018 HK\$'000	2017 HK\$'000
Cash at banks and in hand	315,350	142,061
Short-term bank deposits	934,063	1,433,096
	<u>1,249,413</u>	<u>1,575,157</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

23. CASH AND BANK BALANCES (Continued)

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

	2018 HK\$'000	2017 HK\$'000
United States Dollars	26,466	15,813
Australian Dollars	16,572	9,632
Renminbi	1,400	1,398
Other currencies	95	114
	44,533	26,957

Cash at banks earns interest at floating rates based on daily bank deposits rates. The effective interest rate of short-term bank deposits range from 0.001% to 1.5% (2017: 0.001% to 1.3%) 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 periods granted by the Group's suppliers range 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:

	2018 HK\$'000	2017 HK\$'000
0–60 days	7,933	16,558
61–90 days	306	796
Over 90 days	2,269	1,928
	10,508	19,282

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

	2018 HK\$'000	2017 HK\$'000
Other creditors	28,474	29,552
Accruals	23,592	23,617
Accrued wages	1,542	1,557
Deposits received	13,040	16,292
	66,648	71,018

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For the year ended 31 March 2018

25. OTHER CREDITORS, ACCRUALS AND DEPOSITS RECEIVED (Continued)

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

	Long service payments HK\$'000	Litigation HK\$'000
At 1 April 2017	19,601	633
Additional provision recognised	–	605
Over-provision in respect of prior years	(4,740)	–
Reduction arising from payments	(2,190)	(1,155)
	<u>12,671</u>	<u>83</u>
At 31 March 2018	<u>12,671</u>	<u>83</u>

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

	2018 HK\$'000	2017 HK\$'000
Borrowings wholly repayable within five years:		
– Other loan	7,406	7,434
– Obligations under finance leases	–	3,859
	<u>7,406</u>	<u>11,293</u>
Less: Current portion due within one year included under current liabilities		
– Other loan	7,406	7,434
– Obligations under finance leases	–	2,035
	<u>7,406</u>	<u>9,469</u>
Non-current portion included under non-current liabilities		
– Obligations under finance leases	–	1,824
	<u>–</u>	<u>1,824</u>

At 31 March 2018 and 2017, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

26. BORROWINGS (Continued)

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

	Minimum lease payments		Present value of minimum lease payments	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Obligation under finance leases:				
Due within one year	-	2,045	-	2,035
Due in the second to fifth year	-	1,825	-	1,824
	-	3,870	-	3,859
Less: Future finance charges on finance leases	-	(11)	-	
Present value of lease obligations	-	3,859	-	
Less: Amount due for settlement within one year included under current liabilities			-	(2,035)
Amount due for settlement in the second to the fifth year included under non-current liabilities			-	1,824

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

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

During the current year, the remaining obligation of finance lease of HK\$3,157,000 for certain plant, machinery and printing equipment were terminated in advance of their due dates.

27. SHARE CAPITAL

Issued and fully paid:

At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018,
ordinary shares with no par value

Number of shares	HK\$'000
2,397,917,898	1,413,964

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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\$361,000 (2017: HK\$986,000) to Messrs. Lu, Lai & Li. Mr. Dominic LAI, a non-executive director of the Company, is a senior partner of Messrs. Lu, Lai & Li. 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 2018, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2018			2017
	Premises HK\$'000	Printing equipment HK\$'000	Total HK\$'000	Premises HK\$'000
Within one year	2,475	2,502	4,977	1,662
In the second to fifth year	1,522	8,339	9,861	80
	<u>3,997</u>	<u>10,841</u>	<u>14,838</u>	<u>1,742</u>

The Group leases a number of premises and printing equipment 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 2018, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment properties as follows:

	2018 HK\$'000	2017 HK\$'000
Within one year	24,957	14,659
In the second to fifth year	62,166	54,381
Over five years	–	12,795
	<u>87,123</u>	<u>81,835</u>

The Group's rental income earned from properties during the year was HK\$11,474,000 (2017: HK\$7,197,000). 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.

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31. CAPITAL COMMITMENTS

At 31 March 2018, the Group had the following capital commitments:

	2018 HK\$'000	2017 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment, contracted for but not provided for in the financial statements	<u>114</u>	<u>114</u>

32. RETIREMENT BENEFIT SCHEME

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\$19,741,000 (2017: HK\$19,930,000).

Long service payments

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

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34. CAPITAL MANAGEMENT POLICIES AND PROCEDURES *(Continued)*

The Group monitors capital on the basis of net debt-to-adjusted capital ratio. At 31 March 2018, the Group's net debt-to-adjusted capital ratio was minimal (2017: 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.

	2018 AUD'000	2017 AUD'000
Cash and bank balances	2,749	1,622
Borrowings	(1,229)	(1,250)
Net exposure	1,520	372

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

(a) Currency risk (Continued)

Sensitivity analysis

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

	2018	2017
	Profit	Profit
	HK\$'000	HK\$'000
AUD	907	220

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.

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 2017. 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.

	2018	2017
	HK\$'000	HK\$'000
Classes of financial assets		
Trade receivables	118,413	119,403
Loan receivables	92,646	18,750
Other debtors	3,220	4,832
Cash and bank balances	1,249,413	1,575,157
	1,463,692	1,718,142

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

(b) Credit risk (Continued)

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 2018, the Group had bank deposits of HK\$934,063,000 (2017: HK\$1,433,096,000) 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.

(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.

	2018		2017	
	Effective interest rate	HK\$'000	Effective interest rate	HK\$'000
Variable rate bank deposits:				
Bank balances	<u>0.001%–1.5%</u>	<u>934,063</u>	<u>0.001%–1.3%</u>	<u>1,433,096</u>

Sensitivity analysis

At 31 March 2018, 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\$934,000 (2017: HK\$1,433,000).

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 2017.

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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:

	Carrying amount HK\$'000	Contractual undiscounted cash flow				1 to 5 years HK\$'000
		Total HK\$'000	On demand HK\$'000	Less than 6 months HK\$'000	6 to 12 months HK\$'000	
2018						
Trade payables	10,508	10,508	10,508	-	-	-
Other creditors and accruals	53,608	53,608	53,608	-	-	-
Borrowings	7,406	7,406	7,406	-	-	-
	<u>71,522</u>	<u>71,522</u>	<u>71,522</u>	<u>-</u>	<u>-</u>	<u>-</u>
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
	<u>85,301</u>	<u>85,312</u>	<u>81,442</u>	<u>1,023</u>	<u>1,022</u>	<u>1,825</u>

(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.

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

(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 2.10 and 2.13 for explanations about how the classification of financial instruments affects their subsequent measurement.

	2018	2017
	HK\$'000	HK\$'000
Financial assets		
Available-for-sale financial asset	4,745	4,745
Loans and receivables:		
Trade receivables	118,413	119,403
Loan receivables	92,646	18,750
Other debtors	3,220	4,832
Cash and bank balances	1,249,413	1,575,157
	1,468,437	1,722,887
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	10,508	19,282
Other creditors and accruals	53,608	54,726
Borrowings	7,406	11,293
	71,522	85,301

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36. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 31 March 2018 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	Investment 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 Press Centre Limited	Hong Kong	HK\$100	Property holding
Oriental Publications Limited	Hong Kong	HK\$100	Publication services
Safety Corporation Limited [#]	Hong Kong	HK\$10	Property investment
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

Notes to the Consolidated Financial Statements

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37. STATEMENT OF THE FINANCIAL POSITION OF THE COMPANY

	2018 HK\$'000	2017 HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	5,094	5,708
Available-for-sale financial asset	4,745	4,745
Investments in subsidiaries	1	1
	<u>9,840</u>	<u>10,454</u>
Current assets		
Other debtors, deposits and prepayment	217	217
Amounts due from subsidiaries	2,291,616	2,369,255
Taxation recoverable	2,831	3,394
Cash and bank balances	1,974	3,592
	<u>2,296,638</u>	<u>2,376,458</u>
Current liability		
Trade payables	3,695	4,397
	<u>2,292,943</u>	<u>2,372,061</u>
Net current assets		<u>2,382,515</u>
Total assets less current liabilities	<u>2,302,783</u>	<u>2,382,515</u>
Non-current liability		
Deferred tax liabilities	430	584
	<u>2,302,353</u>	<u>2,381,931</u>
Net assets		<u>2,381,931</u>
EQUITY		
Share capital	1,413,964	1,413,964
Reserves	888,389	967,967
	<u>2,302,353</u>	<u>2,381,931</u>
Total equity		<u>2,381,931</u>

The Company's statement of financial position was approved and authorised for issue by the Directors on 22 June 2018 and signed on its behalf by:

Ching-fat MA
Director

Ching-choi MA
Director

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38. RESERVES OF THE COMPANY

	Retained profit HK\$'000
At 1 April 2016	1,053,395
2016 final dividend paid	(23,979)
2016 special dividend paid	(47,958)
2017 interim dividend paid	(47,958)
2017 special dividend paid	(191,834)
Total comprehensive income for the year	<u>226,301</u>
At 31 March 2017 and 1 April 2017	967,967
2017 final dividend paid	(95,916)
2017 special dividend paid	(47,958)
2018 interim dividend paid	(47,958)
Total comprehensive income for the year	<u>112,254</u>
At 31 March 2018	<u><u>888,389</u></u>

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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 HK\$'000	Salaries and allowances HK\$'000	Contribution to defined contribution plan HK\$'000	Total HK\$'000
Year ended 31 March 2018				
Executive Directors				
Mr. Ching-fat MA	–	19,500	18	19,518
Mr. Ching-choi MA	–	15,600	18	15,618
Mr. Shun-chuen LAM	–	2,290	–	2,290
Non-executive Director				
Mr. Dominic LAI	130	–	–	130
Independent non-executive Directors				
Mr. Yau-nam CHAM	120	–	–	120
Mr. Ping-wing PAO	150	–	–	150
Mr. Yat-fai LAM	165	–	–	165
	<u>565</u>	<u>37,390</u>	<u>36</u>	<u>37,991</u>
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
	<u>525</u>	<u>37,260</u>	<u>54</u>	<u>37,839</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

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 2018 and 2017, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Obligation under finance lease HK\$'000	Borrowings – Other loan HK\$'000	Total HK\$'000
At 1 April 2017	3,859	7,434	11,293
Changes from cash flows:			
Repayment of obligations under finance leases	(702)	–	(702)
Repayment of other loan	–	(129)	(129)
Interest paid	(5)	(301)	(306)
	<u>(707)</u>	<u>(430)</u>	<u>(1,137)</u>
Non-cash changes:			
Early termination of obligation under finance leases	(3,157)	–	(3,157)
Interest expenses	5	301	306
Foreign exchange translation	–	101	101
	<u>(3,152)</u>	<u>402</u>	<u>(2,750)</u>
At 31 March 2018	<u>–</u>	<u>7,406</u>	<u>7,406</u>

41. BUSINESS COMBINATION

On 23 November 2017, an indirectly wholly-owned subsidiary of the Company (the "Purchaser") entered into a sale and purchase agreement (the "Agreement") with independent third parties to acquire the entire issued share capital and the shareholder's loan being owned by Safety Corporation Limited ("Safety") for a cash consideration of HK\$216,190,000 which is subject to adjustments pursuant to the terms and conditions of the Agreement. The transaction was completed on 15 December 2017 and the adjusted consideration was HK\$213,965,000. Safety is engaged in property investment in Hong Kong.

Acquisition-related costs amounting to HK\$1,741,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "other operating expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

41. BUSINESS COMBINATION (Continued)

The fair values of identifiable assets and liabilities of Safety recognised at the date of acquisition were as follows:

	HK\$'000
Investment properties	220,000
Deposits	156
Taxation payable	109
Shareholder's loan	(62,147)
Other payables	(2,296)
Deferred tax liability	(977)
	<hr/>
Total identifiable net assets at fair value	154,845
Assignment of shareholder's loan (Note)	62,147
	<hr/>
	216,992
	<hr/> <hr/>

Note: As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK\$62,147,000 as consideration for the assignment of the shareholder's loan being owned by Safety to the Purchaser.

Gain on bargain purchase

	HK\$'000
Consideration transferred	213,965
Less: net assets acquired and assignment of shareholder's loan	(216,992)
	<hr/>
	(3,027)
	<hr/> <hr/>

Net cash outflow on acquisition of a subsidiary

	HK\$'000
Consideration paid in cash	213,965
Less: cash and cash equivalent balance acquired	-
	<hr/>
	213,965
	<hr/> <hr/>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

41. BUSINESS COMBINATION *(Continued)*

Impact of acquisition on the results of the Group

Included in the profit for the year is HK\$12,626,000 attributable to the additional business generated from Safety. Revenue for the year includes HK\$1,939,000 generated from Safety.

Had this business combination been completed on 1 April 2017, the revenue of the Group for the year would have been HK\$980,913,000, and the profit for the year would have been HK\$165,613,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2017, nor is it intended to be a projection of future results.

42. SUBSEQUENT EVENT

On 16 April 2018, the Board of Directors of the Company has resolved that a special interim dividend of HK25 cents per share of the Company be paid to shareholders, amounting to approximately HK\$599,479,000 in total.

Five Year Financial Summary

	For the year ended 31 March				2018 HK\$'000
	2014 HK\$'000 (Restated)	2015 HK\$'000 (Restated)	2016 HK\$'000	2017 HK\$'000	
Revenue	<u>1,436,486</u>	<u>1,324,717</u>	<u>1,181,233</u>	<u>1,000,303</u>	<u>976,204</u>
Profit attributable to owners of the Company	<u>98,711</u>	<u>60,786</u>	<u>54,612</u>	<u>163,889</u>	<u>158,134</u>
Total assets	2,996,698	2,852,569	2,844,120	2,677,711	2,634,158
Total liabilities	(273,870)	(193,028)	(203,304)	(180,841)	(167,531)
Non-controlling interests	<u>(2,166)</u>	<u>(2,576)</u>	<u>(3,306)</u>	<u>(5,812)</u>	<u>(7,306)</u>
Equity attributable to owners of the Company	<u>2,720,662</u>	<u>2,656,965</u>	<u>2,637,510</u>	<u>2,491,058</u>	<u>2,459,321</u>

Schedule of Major Properties

Details of the Group's major properties as at 31 March 2018 are as follows:

LAND AND BUILDINGS

Location	Approximate floor area	Category	Lease term	Group interest	Existing use
Oriental Press Centre 23 Dai Cheong Street Tai Po Industrial Estate Tai Po Hong Kong	490,000 Sq ft	Industrial	Medium-term	100%	Own use
Units 1 to 6 on 22 Floor Island Place Tower Island Place No. 510 King's Road North Point Hong Kong	14,446 Sq ft	Commercial	Medium-term	100%	Investment property
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