東方報業集團有限公司
ORIENTAL PRESS GROUP LTD
(Incorporated in Hong Kong with limited liability)
(Stock Code: 18)

Announcement of results for the year ended 31 March 2011

The Directors of Oriental Press Group Limited (the "Company") announce that the audited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 March 2011 are as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2011

	Notes	**2011 HK$'000**	2010 HK$'000
Revenue	3	**1,589,356**	1,567,277
Other income	3	**79,828**	91,288
Raw materials and consumables used		**(483,698)**	(464,248)
Staff costs including directors' emoluments		**(631,961)**	(623,140)
Depreciation		**(59,848)**	(65,428)
Other operating expenses		**(171,889)**	(152,245)
Net gain/(deficit) on revaluation of property, plant and equipment		**26,018**	(1,160)
Fair value adjustments on investment properties		**(15,454)**	17,841
Net (loss)/gain on disposal of property, plant and equipment		**(3,925)**	1,098
Profit from operations	5	**328,427**	371,283
Finance costs	6	**(1,230)**	(1,566)
Profit before income tax		**327,197**	369,717
Income tax expenses	7	**(37,080)**	(61,688)
Profit for the year		**290,117**	308,029
Other comprehensive income/(loss)			
- (Deficit)/surplus on revaluation of buildings		**(2,070)**	2,070
- Reversal of deferred tax liabilities/(deferred tax liabilities) arising on revaluation of buildings		**608**	(608)
		(1,462)	1,462
- Exchange gain on translation of financial statements of foreign operations		**4,959**	6,585
Other comprehensive income for the year		**3,497**	8,047
Total comprehensive income for the year		**293,614**	316,076

	Notes	**2011** **HK$'000**	2010 HK$'000
Profit for the year attributable to :			
Equity holders of the Company	9	**291,277**	307,492
Non-controlling interest		**(1,160)**	537
		290,117	308,029
Total comprehensive income attributable to :			
Equity holders of the Company		**294,466**	315,122
Non-controlling interest		**(852)**	954
		293,614	316,076
Dividend	8	**263,771**	-
Earnings per share for profit attributable to equity holders of the Company during the year			
- Basic	9	**HK12.15 cents**	HK12.8 cents
- Diluted		**N/A**	N/A

Consolidated Statement of Financial Position
As at 31 March 2011

	Notes	**2011 HK$'000**	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**803,504**	844,432
Leasehold land		**28,359**	29,147
Investment properties		**301,200**	255,985
Available-for-sale financial asset		**4,745**	4,745
Deferred tax assets		**42,574**	35,292
		1,180,382	1,169,601
Current assets			
Inventories	10	**109,156**	95,556
Trade receivables	11	**260,382**	268,613
Other debtors, deposits and prepayments		**15,294**	10,740
Taxation recoverable		**4,075**	3,192
Cash and cash equivalents		**1,963,031**	1,695,667
		2,351,938	2,073,768
Current liabilities			
Trade payables	12	**47,551**	47,242
Other creditors, accruals and deposits received		**99,415**	98,174
Taxation payable		**8,895**	18,592
Borrowings	13	**9,803**	8,478
		165,664	172,486
Net current assets		**2,186,274**	1,901,282
Total assets less current liabilities		**3,366,656**	3,070,883
Non-current liabilities			
Borrowings	13	**1,331**	2,693
Deferred tax liabilities		**79,646**	76,125
		80,977	78,818
Net assets		**3,285,679**	2,992,065
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**599,479**	599,479
Reserves		**2,684,384**	2,389,918
		3,283,863	2,989,397
Non-controlling interest		**1,816**	2,668
Total equity		**3,285,679**	2,992,065

Consolidated Statement of Changes in Equity
For the year ended 31 March 2011

	Equity attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000 (Note)	Exchange reserve HK$'000 (Note)	Properties revaluation reserve HK$'000 (Note)	Retained profits HK$'000 (Note)	Proposed dividend HK$'000 (Note)	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
At 1 April 2009	599,479	814,485	18,180	9,700	1,232,431	95,917	2,770,192	1,714	2,771,906
2009 final dividend paid	-	-	-	-	-	(95,917)	(95,917)	-	(95,917)
Transactions with equity holders	-	-	-	-	-	(95,917)	(95,917)	-	(95,917)
Profit for the year	-	-	-	-	307,492	-	307,492	537	308,029
Other comprehensive income									
-Surplus on revaluation of buildings	-	-	-	2,070	-	-	2,070	-	2,070
-Deferred tax arising on change in valuation of buildings	-	-	-	(608)	-	-	(608)	-	(608)
-Exchange gain on translation of financial statements of foreign operations	-	-	6,168	-	-	-	6,168	417	6,585
Total comprehensive income for the year	-	-	6,168	1,462	307,492	-	315,122	954	316,076
At 31 March 2010 and 1 April 2010	599,479	814,485	24,348	11,162	1,539,923	-	2,989,397	2,668	2,992,065
2010 final dividend paid	-	-	-	-	-	-	-	-	-
Transactions with equity holders	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	291,277	-	291,277	(1,160)	290,117
Other comprehensive income									
-Deficit on revaluation of buildings	-	-	-	(2,070)	-	-	(2,070)	-	(2,070)
-Exchange gain on translation of financial statements of foreign operations	-	-	4,651	-	-	-	4,651	308	4,959
-Deferred tax arising from change in valuation of buildings	-	-	-	608	-	-	608	-	608
Total comprehensive income for the year	-	-	4,651	(1,462)	291,277	-	294,466	(852)	293,614
Final dividend proposed for the year ended 31 March 2011	-	-	-	-	(263,771)	263,771	-	-	-
At 31 March 2011	**599,479**	**814,485**	**28,999**	**9,700**	**1,567,429**	**263,771**	**3,283,863**	**1,816**	**3,285,679**

Note: These reserve accounts comprise the consolidated reserves of HK$2,684,384,000 (2010: HK$2,389,918,000) in the consolidated statement of financial position of the Group.

Notes to the Financial Statements
For the year ended 31 March 2011

1. BASIS OF PREPARATION

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

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties, which are stated at fair values.

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.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA with effect from the beginning of current accounting period:

HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[3]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[6]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2011

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into any such transactions in the future, disclosures regarding those transfers may be affected.

HKAS 12 (Amendment), 'Deferred Tax: Recovery of Underlying Assets' introduces a presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if 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. Prior to the amendment, deferred taxation on investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of investment properties through use. The amendments are unlikely to have any financial impact on the Group.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The amendments to HK(IFRIC)-Int 14 require entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK(IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The directors of the Company anticipate that the application of these standards and interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND TURNOVER

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

	2011	2010
	HK$'000	HK$'000
Publication of newspapers	**1,540,290**	1,529,545
Internet subscription and advertising income	**26,296**	15,374
Rental income from investment properties	**6,816**	4,989
License fee income from hotel property	**6,107**	5,200
Income from canteen/restaurant operation	**9,847**	12,169
	1,589,356	1,567,277

	2011	2010
	HK$'000	HK$'000
Included in other income are :		
Interest earned on bank deposits	**4,389**	2,503
Sales of scrap materials	**10,739**	7,622

4. SEGMENT INFORMATION

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

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

	Publication of newspapers		All other segments		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segment revenue from external customers	**1,566,586**	1,554,953	**22,770**	12,324	**1,589,356**	1,567,277
Reportable segment profit/(loss)	**329,467**	327,726	**(32,952)**	10,684	**296,515**	338,410
Unallocated corporate income					**70,074**	69,873
Unallocated corporate expenses					**(39,392)**	(38,566)
Profit before income tax					**327,197**	369,717
Other information						
Interest expenses	**(901)**	(1,285)	**(329)**	(281)	**(1,230)**	(1,566)
Depreciation and amortisation	**(58,662)**	(63,838)	**(1,974)**	(2,378)	**60,636**	(66,216)
Net surplus/(deficit) of revaluation of property, plant and equipment	**32,816**	(1,160)	**(6,798)**	-	**26,018**	(1,160)
Fair value adjustments on investment properties	**-**	-	**15,454**	17,841	**15,454**	17,841
Additions to non-current assets during the year	**22,874**	9,280	**1,810**	12,666	**24,684**	21,946

Reportable segment assets* and liabilities

	Publication of newspapers		All other segments		Unallocated		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS								
Segment assets	**1,251,232**	1,506,168	**313,312**	36,789	**-**	-	**1,564,544**	1,542,957
Available-for-sale financial asset	**-**	-	**-**	-	**4,745**	4,745	**4,745**	4,745
Bank balances and cash	**-**	-	**-**	-	**1,963,031**	1,695,667	**1,963,031**	1,695,667
Consolidate total assets	**1,251,232**	1,506,168	**313,312**	36,789	**1,967,776**	1,700,412	**3,532,320**	3,243,369
LIABILITIES								
Segment liabilities	**234,466**	210,478	**12,175**	40,826	**-**	-	**246,641**	251,304

* In order to provide a more detail segment assets information, the comparative figures of segment assets have been reclassified to conform to the current year's presentation

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

	Revenue from external customers		**Non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (country of domicile)	**1,576,381**	1,554,953	**826,827**	829,557
Australia	**12,975**	12,324	**306,236**	300,007
	1,589,356	1,567,277	**1,133,063**	1,129,564

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

During the year, HK$463,843,000 (2010: HK$611,234,000) out of the Group's revenues of HK$1,589,356,000 was contributed by two (2010: one) customers. No other single customers contributed 10% or more to the Group's revenue for both 2011 and 2010.

5. PROFIT FROM OPERATIONS

	2011	2010
	HK$'000	HK$'000
Profit from operations is arrived at after charging/(crediting):		
Auditors' remuneration	**812**	994
Cost of inventories recognised as expense	**483,698**	464,248
Bad debts written off	**9**	-
Impairment of trade receivables	**852**	115
Depreciation:		
– Owned assets	**59,468**	64,198
– Leased assets	**380**	1,230
Amortisation of leasehold land	**788**	788
Net exchange gain	**(51,226)**	(67,370)
Outgoings in respect of investment properties (excluding hotel property) that generated rental income during the year	**1,590**	1,335
Operating lease charges in respect of land and buildings	**5,389**	5,179
Rental income from investment properties (excluding hotel property) less outgoings	**(5,226)**	(3,654)

6. FINANCE COSTS

	2011	2010
	HK$'000	HK$'000
Interest charges on borrowings wholly repayable within five years :		
Bank overdrafts	**11**	2
Other loan	**318**	279
Finance leases	**901**	1,285
	1,230	1,566

7. INCOME TAX EXPENSE/(CREDIT)

Hong Kong Profits Tax has been provided at the rate of 16.5% (2010 : 16.5%) of the estimated assessable profit for the year.

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

	2011	2010
	HK$'000	HK$'000
Current tax		
- Hong Kong Profits Tax	**39,794**	33,723
- (Over)/Under-provision in respect of prior years	**(2,826)**	2,630
	36,968	36,353
Deferred taxation		
- Current year	**112**	25,335
	37,080	61,688

8. DIVIDEND

(a) Dividend attributable to the year

A final dividend of HK11 cents (2010: Nil) per share has been proposed by the Board of Directors and is subject to the approval by the shareholders in the forthcoming annual general meeting. As such, the proposed dividend has not been recognized as a liability at the balance sheet date, but reflected as an appropriation of retained earnings for the year ended 31 March 2011.

(b) Dividend recognised as distributions during the year

	2011	2010
	HK$'000	HK$'000
2009 Final dividend	**-**	95,917

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$291,277,000 (2010 : HK$307,492,000) and on 2,397,917,898 (2010: 2,397,917,898) ordinary shares in issue during the year.

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

10. INVENTORIES

	2011	2010
	HK$'000	HK$'000
Newsprint and printing materials	**84,502**	71,983
Spare parts and supplies	**23,534**	22,192
Others	**1,120**	1,381
	109,156	95,556

11. TRADE RECEIVABLES

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

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

	2011	2010
	HK$'000	HK$'000
0 – 60 days	**102,275**	120,723
61 – 90 days	**48,860**	49,334
Over 90 days	**109,247**	98,556
	260,382	268,613

12. TRADE PAYABLES

The following is an ageing analysis of trade payables at the reporting date:

	2011	2010
	HK$'000	HK$'000
0 – 60 days	**40,884**	42,468
61 – 90 days	**3,126**	3,614
Over 90 days	**3,541**	1,160
	47,551	47,242

13. BORROWINGS

	2011 **HK$'000**	2010 HK$'000
Borrowings wholly repayable within five years :		
- Other loan	**8,440**	7,499
- Obligations under finance leases	**2,694**	3,672
	11,134	11,171
Less: Current portion due within one year included under current liabilities		
- Other loan	**8,440**	7,499
- Obligations under finance leases	**1,363**	979
	9,803	8,478
Non-current portion included under non-current liabilities		
- Obligations under finance leases	**1,331**	2,693

At 31 March 2011 and 2010, other loan denominated in Australian dollars, which was made by a minority shareholder of a subsidiary of the Company, was unsecured, interest bearing at 4% per annum and repayable on demand.

The carrying amounts of borrowings approximate their fair value.

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

	Minimum lease payments		**Present value of minimum lease payments**	
	2011 **HK$'000**	2010 HK$'000	**2011** **HK$'000**	2010 HK$'000
Obligation under finance leases :				
Due within one year	**1,880**	1,880	**1,363**	979
Due in the second to fifth years	**1,509**	3,389	**1,331**	2,693
	3,389	5,269	**2,694**	3,672
Less: Future finance charges on finance leases	**(695)**	(1,597)		
Present value of lease obligations	**2,694**	3,672		
Less: Amount due for settlement within one year included under current liabilities			**(1,363)**	(979)
Amount due for settlement in the second to the fifth years included under non-current liabilities			**1,331**	2,693

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

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

RESULTS

For the year ended 31 March 2011, the audited consolidated profit attributable to shareholders of the Group amounted to HK$291,277,000.

DIVIDENDS

The Directors recommend a final dividend of HK11 cents (2010: Nil) per share for the year ended 31 March 2011, payable to the shareholders whose names appear on the Register of Members on 3 August 2011. The proposed final dividend will be payable on 11 August 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 1 August 2011 to 3 August 2011, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify to receive the proposed final dividend and attend the Annual General Meeting of the Company to be held on 3 August 2011, all transfers accompanied with the relevant share certificates must be deposited at the Company's share registrar, Tricor Friendly Limited, whose address is 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 29 July 2011.

BUSINESS REVIEW

"Oriental Daily News" has continued to be the best-selling and most widely read newspaper in Hong Kong for the last 35 consecutive years, and is truly "The Paper for Hong Kong". According to research of one of the four largest international marketing research companies in Hong Kong, Oracle Added Value, the readership of "Oriental Daily News" hit a record high of 3,440,272 in March 2010 which was a 13%, that is, 404,739 readers, increment compared to the readership research reports in June 2008. Being recognised as the most truth-oriented and credible newspaper, "Oriental Daily News" has achieved an extensive readership successfully through its prompt approach in news reporting and its unbiased and balanced reporting. "Oriental Daily News" is popular with middle-income group of our readers because of simple and fresh layout, together with special reports on the hottest issues, lighthearted reporting of prominent public figures and features of events. During the year, "Oriental Daily News" published advertisements for a number of famous fashion clients, which helped expand the spectrum of readers to include luxury goods consumers. This contributed to an increase of more than 5% in advertisement revenue compared to that of the previous year.

"The Sun" is holding fast as the third best-selling Chinese newspaper in Hong Kong. According to research of one of the four largest international marketing research companies in Hong Kong, Oracle Added Value, the readership of "The Sun" hit 1,295,913 in March 2010 which was a 28%, that is, 284,069 readers, increment compared with the results in June 2008. "The Sun" is a newspaper for the young generation with its dynamic fashion, pursuit for the truth and refreshing and concise layout. "The Sun" constantly revamps its layout and has launched the supplement in tabloid size to include trendy elements for young people, featuring the latest digital products, travel, food, beauty and fashion trends. Therefore, "The Sun" is popular with the young generation, establishing a successful new model for "The Sun". "The Sun" recorded a steady growth in its advertising revenue during the year.

"on.cc", the flagship online portal of the Group, has committed to the mission of expanding readership and providing a better marketing platform for advertisers. "on.cc" has attracted up to 3.13 million monthly unique visitors. According to the report published in January 2011 by comScore Media Metrix, an international market research company, "on.cc" is the news portal of the highest page views in Hong Kong. This shows that "on.cc" has received extensive support from new media readers and become a preferred choice of advertisers. With a view to meeting the increasing need of readers for interactive Information, "on.cc" has launched Property.on.cc and Shop.on.cc to provide the latest information of second-hand properties, online retail and group purchase services, addressing the needs of netizens and expanding the sources of revenue. Given the fast development of global new media, “on.cc” has successfully launched Apps for iPhone and iPad platforms in response to the ever-changing environment. The App is the only application for iPhone and iPad available in Hong Kong that provides latest news, news clips and newspaper. The App is updated continuously to attract the new generation of mobile readers and is committed to creating a reliable and effective platform for new media promotion. Money 18 has become a leading portal in the financial sector since it launched its free Real Time Stock Quote in 2009, attracting 1.16 million monthly unique visitors. The website is now a preferred platform of new media promotion for financial and insurance advertisers. Up and Down Trend, the first of its kind in Hong Kong, has included HSI and CEI in addition to the existing classes of shares, providing investors with further detailed charts of stocks and their activities. During the year, “on.cc” recorded a significant income growth of over 35% compared to that of the previous year.

“ontv”, provides news clips that keep track of the latest developments. For example, news on earthquake, tsunami and nuclear leak in Japan was updated quickly. These news clips became highlights discussed among netizens. “ontv” has attracted 1.36 million monthly unique visitors. The entertainment news clips are highly valued by local and overseas broadcasters and websites, who have initiated talks on the purchase and sales of these contents.

On overseas investments, the overseas properties held by the Group continued to bring in steady rental income.

BUSINESS OUTLOOK

Though Hong Kong economy has benefited from the strong economic growth in Mainland China, the nuclear leak resulted from the earthquake in Japan in March this year has dampened local consumer spending, making advertisers more cautious in product promotion. In addition, the political tension in the Middle East, which caused a sharp rise in the oil price and the uptrend in the price of newsprint, directly results in an increase in the Group’s production cost. The Group will keep a close watch on the impact of economic trends on the market and take appropriate cost control measures when necessary. The Group will also consider various options to expand its sources of revenue, including reviewing a possible upward adjustment of the prices of its newspapers.

The Group will continue to consolidate the market shares of its two papers and in the meantime make efforts to expand the market of paperzines. “FLASH on Weekly” and “Luxe life”, a free weekly magazine and a free monthly paper respectively, are distributed with and attached to our newspapers, or given out separately at designated spots. They have a considerable readership because of their elegant design, and have attracted advertisers of luxury consumer goods, which will generate significant advertising revenue and enhance the Group’s competitive strength.

The Group expected that online news will emerge as a new industry in place of traditional newspaper. To embrace the new era, the Group will strengthen the development of its online news business. Following the Apps for iPhone and iPad, we will also launch two papers namely, real-time news and Money 18 for Android, helping advertisers to aim at the new generation of audience and develop customised promotion solutions for advertisers. In addition, in response to the move of the Hong Kong Stock Exchange to provide free real-time quote beginning from 1 April 2011, “ontv” launched free real-time quote for all mobile platforms and through m.on.cc, the WAP version of the website, to allow readers to check free stock quotes anywhere anytime, read real-time news and make smart investment decisions. The Group also plans to develop smart phone applications with the function of classified advertisements to assist SMEs in expanding their business and customer base.

The Group is seeking suitable investment projects in the property market which may become another important business segment of the Group in addition to its media business. However, given the persistent risks in the global economy, the Group will perform careful research and analysis before deciding to invest in any investment projects, with a view to protecting investment returns to our shareholders.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital at 31 March 2011 amounted to HK$2,186,274,000 (2010 : HK$1,901,282,000), which includes time deposits, bank balances and cash amounting to HK$1,963,031,000 (2010 : HK$1,695,667,000).

At 31 March 2011, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.3% (2010 : 0.4%).

During the year, the Group's capital expenditure was approximately HK$24,245,000.

CONTINGENT LIABILITY

At 31 March 2011, the Group has no material contingent liability.

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2011, the Group employed 2,129 employees. Remuneration for employees including medical benefits is determined based on industry practice, the performance and working experience of the employees, and the current market conditions. The Group has implemented a training scheme to groom a new generation of journalists.

EXPOSURE TO FOREIGN EXCHANGE

The Group mainly operates in Hong Kong and most of the Group's transactions are carried out in Hong Kong dollars. The Group is exposed to foreign currency risk on transaction that is in a currency other than the respective functional currency of the group entities. The currencies giving rise to this risk are primarily US dollars, Australian dollars and Renminbi. During the year, the Group has acquired Renminbi with equivalent to HK$225,308,000 and deemed that Renminbi is relatively stable and can earn higher interest return. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure where appropriate.

CORPORATE GOVERNANCE

The Company has complied, throughout the financial year, with the code provision set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except that independent non-executive directors of the Company were not appointed for a specific term, but are subject to retirement by rotation in accordance with the article of the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2011 with the management. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2011 have been agreed by the Group's auditors, HLM & Co., to the amounts set out in the Group's consolidated financial statements for the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiries by the Company, all Directors have confirmed that they have achieved full compliance with the required standards as laid down in the Model Code for the year ended 31 March 2011.

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

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

PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 March 2011 will be dispatched to the shareholders and published on both of the websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting of the Company will be held on Wednesday, 3 August 2011 and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules in due course.

On behalf of the Board
Ching-fat MA
Chairman

Hong Kong, 17 June 2011

As at the date hereof, the Board comprises seven directors, of which three are executive directors, namely Mr. Ching-fat MA (Chairman), Mr. Ching-choi MA (Vice-Chairman) and Mr. Shun-chuen LAM (Chief Executive Officer), one non-executive director, namely Mr. Dominic LAI and three independent non-executive directors, namely Mr. Yau-nam CHAM, Mr. Ping-wing PAO and Mr. Yat-fai LAM.