明報

MING PAO ENTERPRISE CORPORATION LIMITED

明 報 企 業 有 限 公 司

(Stock Code 股份代號 : 685)

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Annual Report 2006

二零零六年年報

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GLOBAL VIEW

立 足 香 港 放 眼 世 界

LOCAL TOUCH

立足香港 放眼世界

LOCAL TOUCH

GLOBAL VIEW

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Corporate Information

Executive Directors

Tan Sri Datuk TIONG Hiew King *(Chairman)*
Mr TIONG Kiu King
Dr TIONG Ik King
Mr TIONG Kiew Chiong *(Chief Executive Officer)*

Independent Non-executive Directors

Mr TANG Ying Yu
Mr David YU Hon To
Mr Victor YANG

Audit Committee

Mr David YU Hon To *(Chairman)*
Mr TANG Ying Yu
Mr Victor YANG

Remuneration Committee

Mr David YU Hon To *(Chairman)*
Mr TANG Ying Yu
Mr Victor YANG

Nomination Committee

Mr Victor YANG *(Chairman)*
Mr TANG Ying Yu
Mr David YU Hon To

Company Secretary

Ms LAW Yuk Kuen

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

Auditors

PricewaterhouseCoopers

Solicitors

Johnson Stokes & Master
Or, Ng & Chan

Head Office and Principal Place of Business

15th Floor, Block A
Ming Pao Industrial Centre
18 Ka Yip Street, Chai Wan
Hong Kong

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Registrars and Transfer Office

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Hong Kong Branch Registrars and Transfer Office

Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Stock Code

685

Website

http://www.mingpao.com

Group's Principal Activities

Ming Pao Enterprise Corporation Limited

Newspapers, Internet and Printing

- Ming Pao Daily News
- Ming Pao Daily News - Toronto Edition
- Ming Pao Daily News - Vancouver Edition
- Ming Pao Daily News - New York Edition
- Ming Pao Daily News - San Francisco Edition
- Mingpao.com
- Kin Ming Printing
- Guangzhou Kin Ming Printing
- MP Printing

Cultural and Current Affairs Magazines and Book Publications

- Ming Pao Monthly
- Yazhou Zhoukan
- Ming Pao Publications/ Crystal Window Books/ Ming Man Publications

Travel and Travel Related Services

- Charming Holidays
- Delta Tour & Travel Services (USA)
- Delta Tour & Travel Services (Canada)

*One Media Group Limited – Lifestyle Magazines

- Ming Pao Weekly
- Hi-TECH Weekly
- City Children's Weekly
- Popular Science 科技新時代
- T3 科技新時代
- Top Gear 汽車測試報告
- MING 青春之星
- Rolling Stone 音像世界

* One Media Group Limited is a subsidiary of the Company whose shares were listed on The Stock Exchange of Hong Kong Limited on 18th October 2005. One Media Group Limited currently operates the lifestyle magazine business of the Group.

Chairman's Statement

On behalf of the Board of Directors, it is my great pleasure to present the annual results of Ming Pao Enterprise Corporation Limited and its subsidiaries (the "Group") for the year ended 31st March 2006. This financial year was characterised by increasing costs and intensified competition in both the local and overseas markets, which continues to provide a challenging operating environment.

Business Performance Review

Hong Kong's economy performed very well throughout the year of 2005. Both the property and the stock markets were vibrant while the rate of unemployment remained low. These positive conditions contributed to the high level of consumer confidence, increased spending and fuelled local advertising budgets upwards by 10% on average. Despite the intensified competition, the Group benefited from this strengthening of the advertising market and achieved a 9% growth in advertising revenue.

Two additional free daily newspapers emerged in the second half of the financial year. Together with the first free newspaper, they claimed a total daily circulation of over one million copies, a figure close to the total circulation of all paid newspapers. Surveys showed that the combined effect of free dailies on the advertising market was a share of 8%, which was close to the average market share of free newspapers in other countries. While the overall impact on paid newspapers was moderate, it was a trend that could not be ignored. On one hand, other paid newspapers have to improve their content and layout to retain their readers; on the other hand, free newspapers are now building up a reading habit for the younger readers which could be beneficial to the future of the print media industry. Our Ming Pao Daily News, however, has successfully endured the market competition with a stable circulation, thanks to our dedicated editorial team who continually enrich the content with new quality features and the responsive management team who implemented effective marketing strategies.

Meanwhile, the cost of newsprint steadily increased over the year, amidst a global trend of sharply rising prices for raw materials. Energy costs also increased substantially. Additional margin pressure was exerted through a resurgence in wage increases following years of deflation. The combination of these factors had an impact on the Group's bottom line.

The Group faced similar conditions in the North American market, where strong competition exists among various newspapers on both the east and the west coasts where the Group operates. A new Chinese daily newspaper was launched in Toronto in October last year and triggered competitive pricing. The retail price of the Toronto edition of Ming Pao Daily News was accordingly reduced for about three months to tackle this competition. The required diversion of management resources in Canada had a moderate impact on the operating results of the newly launched edition of Ming Pao Daily News in San Francisco. Nevertheless, the Group achieved an impressive double-digit growth in revenues from its North American operations that was mainly attributable to Canada's surging economy and booming real estate market. In order to ensure the success of the New York and San Francisco editions, we are pleased to bring additional experienced senior executives on board to further develop our business.

2005 was a milestone for our lifestyle magazine operation under One Media Group, as we successfully spun off and listed the shares in One Media Group on the Main Board of the Stock Exchange of Hong Kong on 18th October 2005. With fresh capital injected into One Media Group, this is the beginning of a new chapter of our lifestyle magazine operation in Mainland China. We believe the experience gained by One Media Group will significantly contribute to the Group's understanding of Mainland China's publication market.

Business performance of the Group's remaining magazine publications and travel services improved within expectations. Yazhou Zhoukan became a wholly-owned subsidiary after the Group acquired its 50% equity interest from TOM Group in March 2006. The acquisition is expected to bring about commercial and operational synergy benefits to the Group in terms of a broader customer base, savings in production and other purchasing related operations.

Newspapers in a Changing World

Last year I mentioned that globalisation presented unique challenge to all business operators, including Chinese media publishers. This year I must reiterate the importance of globalisation and add technology advancement as a new factor. Young people are spending less time reading newspapers and are receiving their news information on websites or via their cell phones. In order to re-capture the future generations, the New York Times joined efforts with Microsoft to launch a new online newspaper which generates a consumption experience close to traditional newspaper reading. This is but one of the many examples showing how established newspapers responded to the changes brought by technology advancement. Another example includes using SMS on cell phones to interact with newspaper publishing. The lesson for traditional newspapers was to keep changing and to integrate with other media platforms. The future of the media industry will be in the hands of those players who are able to adapt and utilise advanced technology on a global scale. The Group is committed to focusing its resources on all areas including technology so as to secure a dominant position in the media industry in the future.

Looking ahead, the next question is how to better utilise resources of the Group and its sister newspaper companies in Southeast Asia, to create synergies to better serve the global Chinese community. Content co-operation has already been established and additional joint efforts are under consideration. Our mission of providing news publications to most Chinese communities on a global scale will soon be realised through the optimisation of resources and the combination with our online operations that target the younger generation.

We are fully aware of the challenges ahead that include rising operating costs, especially in the areas of newsprint and labour. Therefore, expenditure restraint will remain a primary focus of the Group's operation strategy. Our management team will remain vigilant regarding changes in the markets and the economies while making every effort to improve the operating units' efficiency and productivity to ensure that we remain competitive on every level.

Awards and Appreciation

This year we won many important awards in a number of prestigious reporting and journalism competitions. These include two Gold Awards at the Ifra Asia Media Awards 2006, fourteen honours at the Awards for Editorial Excellence organised by the Society of Publishers in Asia and seven awards at the Hong Kong News Awards organised by The Newspaper Society of Hong Kong. We take immense pride in our work and are glad that our effort and hard work are recognised by these media organisations.

I would like to take this opportunity to express my sincere appreciation to all our staff for their continued hard work and valuable contribution in the past financial year. I would also like to thank our readers, customers, partners and shareholders for their continued confidence and support.

Tan Sri Datuk TIONG Hiew King
Chairman

Hong Kong, 30th June 2006

Management Discussion and Analysis

Overview

Over the past year, the Group operated in a very competitive and challenging business environment. On one hand, the global economy continued to expand in 2005, especially in the United States and Mainland China. The Group has benefited from these favourable economic conditions and recorded increases in turnover for the year. On the other hand, the Group had to face the challenges of controlling costs, in particular the increase in newsprint prices and labour costs. The launching of several daily newspapers, including free newspapers, in both the local and overseas markets and the price cutting strategies of some newspapers during the year aggravated the already challenging media business environment. The Group's operating results for the past year were evidently affected by these factors. In addition, significant resources had been allocated in the past year to develop the Group's lifestyle magazine business operated through One Media Group Limited ("OMG") in Mainland China.

On 18th October 2005, OMG, a subsidiary of the Group that publishes lifestyle magazines, was successfully listed on the Main Board of the Stock Exchange in Hong Kong. A gain of HK$33 million was recognised and included in the Group's consolidated income statement. The board believed that the successful spin-off and listing of OMG enabled the Group to tap into the fast growing Chinese-language lifestyle magazine market in Mainland China.

The Group acquired 50% equity interest in Yazhou Zhoukan, a weekly cultural and current affairs Chinese-language magazine, from TOM Group Limited effective January 2006 at a total consideration of HK$16.2 million. The acquisition has resulted in Yazhou Zhoukan becoming a wholly-owned subsidiary of the Group. Following the change in control, a strategic reassessment of Yazhou Zhoukan's business plan was undertaken, with particular attention to its distribution channels, target advertisers and marketing strategies. The board believed that synergies would be achieved through sharing and integrating operations between Yazhou Zhoukan and the different publications of the Group.

In March 2004, the Group and Redgate Media Inc. ("Redgate") entered into an agreement ("Redgate Agreement") such that 40% of the equity interest in Winmax Resources Limited ("Winmax"), a subsidiary of the Group that operates the Group's lifestyle magazine business, was transferred to Redgate. In return, Redgate transferred its 100% equity interest in Media2U Group together with a cash consideration of HK$8.9 million to the Group. Details of the transaction was disclosed in the Company's announcement dated 9th March 2004. One of the conditions in the Redgate Agreement provided that if Media2U Group could not achieve an agreed pre-tax profit target for the two financial years commencing from 1st April 2004 to 31st March 2006 ("Pre-tax Profit") as prescribed therein, Redgate would at its discretion either pay to the Group a pre-determined cash amount or reduce its shareholding in Winmax. As Media2U Group did not achieve the Pre-tax Profit, a gain on disposal of partial interests in subsidiaries of HK$28 million was recorded in the Group's consolidated income statement for the current year to reflect the probable adjustment to the value of consideration received on disposal of partial equity interests in Winmax in accordance with the Redgate Agreement.

Financial Highlights

Consolidated turnover amounted to HK$1,249 million for the year ended 31st March 2006, an increase of HK$80 million (7%) compared with that of last year. The increase was due largely to the HK$54 million (9%) increase in the Group's advertising revenues and the HK$30 million (8%) increase in the travel related revenues. The growth was fuelled by the generally favourable conditions in the global economy which has led to companies increasing their advertising spending and more people travelling for leisure and business.

Despite the improvement in turnover, increased costs of newsprint, labour and operating costs kept the Group's gross profit at the same level as last year.

Other gains included the HK$33 million gain from the spin-off of OMG in October 2005 and the HK$28 million gain resulting from the disposal of partial equity interests in Winmax.

Operating expenses increased by HK$53 million (19%) due primarily to the higher marketing and operating expenses amid more competitive market conditions and the rising labour costs. The development of the Group's lifestyle magazine business in Mainland China also led to an increase in the general operating expenses for the year.

Earnings per share for the year were HK17 cents as compared to HK11 cents for 2005.

Business Segment Results Review – Publishing

Turnover of the publishing business increased by 6% to HK$829 million which was mainly attributable to the growth of the Group's advertising revenues which showed a 9% increase when compared to those of last year. The various editions of Ming Pao Daily News in both Hong Kong and North America as well as the Group's lifestyle magazines recorded growth in their advertising revenues because of the improving global economy. Despite the improvement in turnover, the segment results of the publishing business recorded a significant drop due largely to the increase in newsprint prices, labour costs and the development costs of the Group's lifestyle magazine business in Mainland China.

Ming Pao Daily News

Ming Pao Daily News (the "Daily"), the Group's flagship publication, experienced a challenging year. On one hand, it benefited from the improvement on Hong Kong's economy and lower unemployment rate and recorded an increase in its advertising revenues. Satisfactory growth was seen in the advertisement sectors for the recruitment classified, education, consumer products and travel related businesses. On the other hand, the operating environment became more difficult with the launch of free newspapers, price wars and rising production costs. In the past year, the average newsprint cost increased by 21% and it is anticipated that the rising trend will continue. To meet the challenges, the Daily will continue its drive of efficiencies in all aspects and to enhance the quality of its layout design and enrich its content in order to meet the changing tastes and demand of the readers.

Apart from financial news coverage, the Finance Section endeavors to enhance its coverage of financial management services through the introduction of "Money Monday", a weekly insertion that is published every Monday, as well as two additional pages in "Money Daily", providing readers with timely and insightful investment advice. The Daily has also established the MP Investor Club in May 2006. Members of the club can have easy access to real-time financial and investment updates and other interactive and customised services through the website "mpfinance.com".

The "Lifestyle 時尚生活", a supplement published every Thursday, is a pioneering concept amongst Chinese-language newspapers, featuring infotainment content on fashion and lifestyle trends. Another new addition, the "Weekender 周末狂熱", is published as a supplement every Saturday, focusing on introducing top holiday destinations in Hong Kong.

The Daily has also introduced a number of innovative columns to its International News Section including a series of "Interviews with Consulate Generals in Hong Kong 外國駐港總領事專訪系列", which were well received by the readers.

With high journalistic standards, the Daily has sustained its leadership in the newspaper industry and secured a solid readership base. During the year, it received a number of prestigious journalists' awards as presented by The Newspaper Society of Hong Kong, the Society of Publishers in Asia and Ifra Asia.

Overseas Editions of Ming Pao Daily News

Benefiting from Canada's strong economy and prospering property market, the Group's Toronto and Vancouver editions enjoyed steady growth during the year. However, the launch of a daily newspaper in Toronto in October 2005 intensified the already fierce competition in the local Chinese-language newspaper market. Aggressive marketing and promotional strategies, including publication of free supplements, competitive advertising packages and various circulation drives, were adopted by the overseas editions to capture readers and advertising customers. With well established foundations and a strong management team, the Group's two editions managed to dominate their peers with an impressive growth in combined turnover and maintained satisfactory performance.

Both New York and San Francisco editions recorded growth in revenues during the year. However, due to rising newsprint and production costs, the operations have yet to break-even. In the coming year, more measures such as adding experienced senior executives to the management team will be taken to strengthen and to streamline the operations in order to improve the operating results of these editions. With a large Chinese population in the United States, the Group is confident that the prospects of these two editions shall remain promising.

Mingpao.com

With the growing usage of online information services, mingpao.com, the Group's Internet portal, has seen its registered active users grow to more than 700,000 and enjoyed a steady growth in revenues. During the year, mingpao.com launched two new portals, namely "life.mingpao.com" and "lifestyle.mingpao.com" which targeted at students and young web users. Response to the new portals has been enthusiastic. The Group's cross-media strategy to combine advertising sales forces of both the Daily and mingpao.com has also contributed to the strong growth in the Internet's revenues and operating profit.

With a new generation of readers who are increasingly reliant on digital information and the growing acceptance of Internet commerce, the Group will continue to make further investment in producing quality online information services to strengthen its position in the Internet industry.

Publications under OMG

For the year ended 31st March 2006, the turnover of OMG and its subsidiaries increased by 6% to HK$188 million when compared to the last financial year and profit after income tax decreased by 69% to HK$7 million. The drop in profit was due primarily to additional resources allocated during the year for the marketing and promotion of two new lifestyle magazines in Mainland China, namely, "MING"《青春之星》and "Rolling Stone"《音像世界》. The addition of magazines such as these to the existing portfolio of titles served to bring OMG's operation in Mainland China to the next level and to capitalise on the infrastructure that it has strategically engineered in preparation for future growth.

Currently, OMG is actively seeking acquisition opportunities in Mainland China and Hong Kong and to partner with additional international publishers to expand its portfolio of magazines.

Ming Pao Monthly

Ming Pao Monthly commemorated its 40th anniversary this year with a series of celebration events, including hosting a grand gala dinner and co-organising a forum on "Achieving Neutral Ground in the Cultural Arena 價值中立的文化空間" with the Hong Kong Baptist University. The events were attended by distinguished guests and renowned writers.

In the coming year, Ming Pao Monthly will continue to explore new distribution channels to expand its readership, with particular emphasis on schools and universities in Hong Kong and Mainland China.

Yazhou Zhoukan
Yazhou Zhoukan is an authoritative Chinese current events weekly and is well acclaimed for its outstanding editorials. It is an international Chinese-language newsweekly with a broad coverage of current economic and international issues and it has subscribers in all major cities in the Southeast Asia region. In the year under review, Yazhou Zhoukan has organised and jointly sponsored a number of economic and trade forums which were well received. Yazhou Zhoukan became a wholly-owned subsidiary after the Group concluded the acquisition of its 50% equity interest from TOM Group Limited effective from January 2006.

Ming Pao Publications/Crystal Window Books/ Ming Man Publications
To celebrate its 20th anniversary, our publishing houses re-published a book-lovers' collection, including "Wesley Scientific Fiction Series"《衛斯理故事珍藏版》, the 2005 best-seller "On the Road towards Enlightenment, a Walker"《哲道行者》, and "Six Speeches on Wits of Life"《心通識六講》. Together with the books published under Ming Man Publications which is a channel to aspiring writers for publishing their work, over 180 titles were published and a double-digit growth on revenue was achieved during the year.

Looking ahead, our publishing houses will continue to publish high quality books and educational publications on a broad range of practical and general interest topics targeting at young readers.

Business Segment Results Review – Travel and Travel Related Services

Charming Holidays and Delta Group
Turnover and results of the Group's travel business segment improved by 8% and 47% respectively when compared to those of last year. The improvement was mainly attributable to the continued growth in global economy which resulted in growing business and consumer confidence and increases in both leisure and business travelling. Introduction of quality services and new tour packages also contributed to the improvement in revenues and results of this business segment.

The growth was particularly impressive for the Group's tour operations in the United States which reported a 29% increase in turnover during the year due to the strong American economy. Innovative tour packages and new sightseeing spots designed by the Group's tour operator, Charming Holidays, have also contributed to these good results. In addition to its strength in long-haul tours, Charming Holidays has diversified its business to provide study tour programs and commercial group tours which were well received by the customers. However, profit margin of the travel business remains thin due to increasing labour costs, intense price wars amongst local travel agents and competition from discounted airfares offered by airlines.

Going forward, the Group's focus will be on formulating alternatives that can provide the best value on price and service for the travellers. Besides that, Charming Holidays will allocate resources to develop its tour business in the vast and fast growing China market. It plans to start an office in Southern China and work with local tour operators in order to expand its reach in the local market.

Community Services

School Activities
The "School Reporters Scheme"「校園記者計劃」is now in its 9th year since it was first introduced by the Daily in 1997. The scheme is highly regarded by the local community and the secondary schools in particular. This year's activity theme was "Understand the Media, Enhance General Knowledge"「認識傳媒 掌握通識」, a series of training activities on news gathering, photography and newspaper production process were organised to groom the next generation of elite journalists.

Readers' Donations
This is the 3rd year that the Daily has co-organised the "Guangdong Province Remote Area Education Relief Fund"「廣東省偏遠地區育苗助學計劃」in association with several educational groups in Hong Kong to provide assistance to the development of education in remote and deprived areas in Guangdong Province. Approximately HK$1.2 million was raised and distributed to 13 schools in these affected areas during the year.

"Project Blossom"「茁壯行動」was jointly set up by the Daily and the Hong Kong Performing Artistes Guild in May 2003 with the purpose of raising funds for the children of SARS victims. In the past year, a total of HK$4.6 million was appropriated from the fund to subsidise the educational expenditures of qualified applicants.

Outlook

It is anticipated that the sustained improving global economy and advertising markets will fuel the Group's growth in the coming year. The Group will focus on providing better products and services for its advertisers and customers in order to expand our market share and readership base. With Internet usage growing at an unstoppable rate, the Group will continue to develop the electronic editions of its publications and to increase revenues from its online businesses. It also plans to continue to invest in Mainland China through OMG to take advantage of the fast growing Chinese-language lifestyle magazine market there.

At the same time, keen competition in the publication industry and the rising costs are challenging factors for the Group to overcome. The management will continue to assess the Group's operations and to explore opportunities with the aim to optimise efficiency and productivity in order for the Group to remain competitive in the global market.

Contingent Liabilities

The contingent liabilities of the Group as at 31st March 2006 are set out in note 36 to the financial statements.

Pledge of Assets

The details of the pledge of the Group's assets are set out in note 31 to the financial statements.

Exposure to Fluctuations in Exchange Rates

The Group's financial management policies and practices relating to the exposure to fluctuations in exchange rates are described in note 3(c) to the financial statements.

Liquidity, Financial Resources and Gearing Ratio

As at 31st March 2006, the Group's net current assets amounted to HK$388 million (31st March 2005: HK$277 million, as restated) and the shareholders' funds were HK$634 million (31st March 2005: HK$557 million, as restated). Total bank borrowings and finance lease obligations were HK$58 million (31st March 2005: HK$58 million) and the gearing ratio, which is defined as the ratio of total borrowings to shareholders' funds, was 0.091 (31st March 2005: 0.104, as restated).

The Group has a solid financial position and maintains a strong and steady cash inflow from operating activities. As at 31st March 2006, total cash balance was HK$309 million (31st March 2005: HK$190 million) and net cash position was HK$251 million (31st March 2005: HK$132 million) after deducting the total borrowings.

Capital Structure

During the year, the Company repurchased a total of 1,201,000 ordinary shares at an aggregate purchase consideration of HK$1.8 million and issued 12,000,000 ordinary shares as consideration for the acquisition of Yazhou Zhoukan's 50% equity interest, details of the repurchases and issue of shares are set out in note 26 to the financial statements.

Employees and Emolument Policy

As at 31st March 2006, the Group has approximately 1,600 employees (31st March 2005: approximately 1,470 employees), the majority of whom are employed in Hong Kong. The Group remunerates its employees based on industry practice and performance of individual employees. The emoluments of the directors are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration. The Group has share option schemes as an incentive to directors and eligible employees, details of the share option schemes are set out on pages 18 to 21 of the Report of Directors.

Major Awards of the Year

Hong Kong News Awards 2005

Best Young Reporter
2nd Runner-up

Best Headline (Chinese)
1st Runner-up
2nd Runner-up

Best News Reporting
2nd Runner-up

Best News Page Design
2nd Runner-up

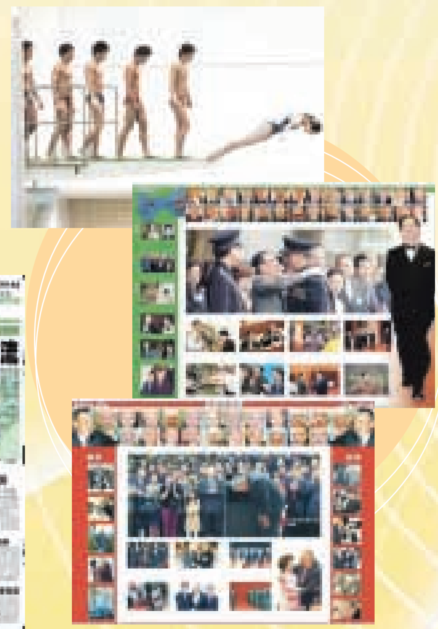
Best News Writing (Chinese)
Merit

Best Photographic Section (Sport)
Merit

Ifra Asia Media Awards 2006

Best in News Page Design
Gold Award

Best in Photography Award (Sports Photography)
Gold Award



The 27th Best of Newspaper Design Creative Competition

Photography / Single Photos
3 Awards of Excellence

Feature Design / Sections
Award of Excellence

Focus at the Fontline 2005

Feature Category
1st Runner-up

Ippies Awards 2005

The Best Editorial / Commentary
Winner - Ming Pao Monthly

The Best Feature
Winner - Ming Pao Monthly

2006 Awards For Editorial Excellence

Excellence in The Scoop Award
Ming Pao Daily News

The Scoop Award (Honorable Mention)
Ming Pao Daily News

Excellence in Opinion Writing
Ming Pao Daily News

Excellence in Reporting Breaking News
Ming Pao Daily News

Excellence in Explanatory Reporting
Ming Pao Daily News

Excellence in News Photography (Honorable Mention)
Ming Pao Daily News

Excellence in Editorial Cartooning (Honorable Mention)
Ming Pao Daily News

Excellence in Human Rights Reporting (Winner)
Ming Pao Weekly

Excellence in Feature Photography (Winner)
Ming Pao Weekly

Excellence in Feature Photography (Honorable Mention)
Ming Pao Weekly

Excellence in Reporting on the Environment (Honorable Mention)
Ming Pao Weekly

Excellence in Feature Writing (Winner)
Yazhou Zhoukan

Excellence in Human Rights Reporting (Honorable Mention)
Yazhou Zhoukan

Excellence in Opinion Writing (Honorable Mention)
Yazhou Zhoukan

Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31st March 2006.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 38 to the financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 32.

The directors have declared an interim dividend of HK3 cents per ordinary share, totalling HK$11,805,000 which was paid on 13th January 2006. The directors recommend the payment of a final dividend of HK4 cents per ordinary share, totalling HK$16,206,000.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 27 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group are set out in note 14 to the financial statements.

SHARE CAPITAL

Movements in the share capital of the Company are set out in note 26 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st March 2006, calculated under the Companies Act of 1981 of Bermuda (as amended), amounted to HK$543,665,000 (2005: HK$492,218,000).

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 88.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, the Company repurchased a total of 1,201,000 of its listed shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the purpose of enhancing the net asset value per share of the Company. Details of the repurchases are summarised as follows:

Month/Year	Number of shares repurchased	Purchase price per share Highest	Purchase price per share Lowest	Aggregate purchase consideration
		HK$	HK$	HK$
July 2005	413,000	1.75	1.60	699,433
August 2005	153,000	1.62	1.58	243,750
September 2005	40,000	1.59	1.57	62,912
October 2005	330,000	1.50	1.40	478,480
January 2006	177,000	1.40	1.33	240,521
February 2006	30,000	1.40	1.38	41,480
March 2006	58,000	1.40	1.35	81,050
	1,201,000			1,847,626

All the repurchased shares were cancelled during the year. Accordingly, the issued share capital of the Company was reduced by the par value of the repurchased shares and the premiums paid on these shares were charged against the share premium account. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained profits to the capital redemption reserve.

On 20th March 2006, Skyland International Investment Limited, an indirect non-wholly-owned subsidiary of the Company entered into a sale and purchase agreement relating to the acquisition of 50% issued share capital of Yazhou Zhoukan Holdings Limited from Energetic Assets Limited, a wholly-owned subsidiary of TOM Group Limited, at a consideration of HK$16.2 million. The consideration was satisfied by the issue and allotment of 12,000,000 ordinary shares of the Company at an issued price of HK$1.35 per share.

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the year.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Tan Sri Datuk TIONG Hiew King *(Chairman)*
Mr TIONG Kiu King
Dr TIONG Ik King
Mr TIONG Kiew Chiong *(Chief Executive Officer)*
* Mr TANG Ying Yu
* Mr David YU Hon To
* Mr Victor YANG

* *independent non-executive directors*

In accordance with bye-law 99(A) of the Company's bye-laws, Tan Sri Datuk TIONG Hiew King, Dr TIONG Ik King and Mr TIONG Kiew Chiong retire by rotation and, being eligible, offer themselves for re-election.

The Company has received annual written confirmations from each independent non-executive director for his independence to the Group and the Company considered all independent non-executive directors to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors

Tan Sri Datuk TIONG Hiew King, aged 72, has been the Chairman of the Company since October 1995. Tan Sri Datuk TIONG Hiew King is also the Chairman of Sin Chew Media Corporation Berhad ("SCMC"), a listed media company in Malaysia, and the Executive Chairman of Rimbunan Hijau Group, a large diversified conglomerate in Malaysia. He has extensive experience in a number of industries including timber, newspaper publishing, plantations, property development and investment. He is also the President of The Chinese Language Press Institute Limited.

Mr TIONG Kiu King, aged 71, has been an executive director of the Company since October 1995. He is a member of the Executive Committee of the Group and a director of various subsidiaries of the Company. He is also the Chairman of One Media Group Limited ("OMG"), a subsidiary of the Group which was listed on the Stock Exchange on 18th October 2005. Mr TIONG graduated with a Diploma in Civil Engineering from Tak Ming College in Hong Kong in 1964. He is a brother of Tan Sri Datuk TIONG Hiew King.

Dr TIONG Ik King, aged 55, has been an executive director of the Company since October 1995. He is also a director of SCMC and has extensive experience in newspaper publishing, information technology and timber industries. Dr TIONG graduated with a M.B.B.S. Degree from the National University of Singapore in 1975 and obtained a M.R.C.P. from the Royal College of Physicians in the United Kingdom in 1977. Dr TIONG also sits on the boards of several listed companies in Malaysia and Singapore. He is a brother of Tan Sri Datuk TIONG Hiew King.

Mr TIONG Kiew Chiong, aged 46, joined the Company as an executive director on 2nd May 1998 and was appointed as the Chief Executive Officer of the Company on 13th December 2005. He is the Chairman of the Executive Committee of the Group and a director of various subsidiaries of the Company. He is also the Deputy Chairman of OMG. Mr TIONG has been in the media business for more than 18 years and was formerly a director of SCMC in Malaysia. Mr TIONG graduated with a Bachelor of Business Administration Degree from York University, Toronto, Canada in 1982.

Independent non-executive directors

Mr TANG Ying Yu, aged 61, has been an independent non-executive director of the Company since April 1995. Mr TANG is a civil engineer and acts as the managing director of both Southern Petroleum Company Limited and Wan Lai Company Limited.

Mr David YU Hon To, aged 58, was appointed as an independent non-executive director of the Company on 30th March 1999. He is also an independent non-executive director of OMG. Mr YU is a fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Hong Kong Institute of Certified Public Accountants. He was formerly a partner of an international accounting firm with extensive experience in corporate finance. Mr YU is a founder and a director of Management Capital Limited, which specialises in direct investment and financial advisory activities, and also sits on the boards of several listed companies in Hong Kong.

Mr Victor YANG, aged 60, was appointed as an independent non-executive director of the Company on 23rd September 2004. Mr YANG is a partner with Boughton Peterson Yang Anderson, Solicitors, Hong Kong SAR and is also a qualified lawyer in Canada and the United Kingdom. He has extensive experience in the areas of corporate finance, commercial law, mergers, acquisitions and taxation, and also sits on the boards of several listed companies in Hong Kong and the United States of America.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Senior management

Mr ONG See Boon, aged 55, joined the Group in 1997. He is a member of the Executive Committee of the Group, and is the Group Editorial Director and Special Assistant to the Chairman. Mr ONG also holds directorships in various subsidiaries of the Company. Mr ONG, who started his career as a journalist, has over 30 years of experience in the newspaper industry in Hong Kong and Malaysia.

Mr CHEUNG Kin Bor, aged 51, joined the Group in 1986. He is a member of the Executive Committee of the Group, and is a director of Ming Pao Newspapers Limited and Mingpao.com Limited. He is also the Editor-in-chief of Ming Pao Daily News. Mr CHEUNG graduated from the Chinese University of Hong Kong with a Bachelor of Business Administration Degree and has over 28 years of publishing and editorial experience in Hong Kong.

Mr Keith KAM Woon Ting, aged 48, joined the Group in 1995. He is a member of the Executive Committee of the Group, and is a director of Ming Pao Newspapers Limited and Mingpao.com Limited. Mr KAM is also appointed as the Chief Operating Officer of Ming Pao Holdings Limited and Mingpao.com Limited overseeing the sales and marketing, circulation, books publication, Internet and production operations in Hong Kong. He has more than 20 years of experience in the media and advertising industries. Mr KAM is also the Vice-Chairman of The Newspaper Society of Hong Kong.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Company discloses that during the year, Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King are the directors of the Company as well as the ultimate beneficial owners of the Company's controlling shareholder, Conch Company Limited. Both of them hold directorships in SCMC which is engaged in the business of newspaper publishing in Malaysia. As the board of directors of the Company is independent of the board of SCMC, the Group operates its business independently of, and at arm's length from, the business of SCMC.

Conch Company Limited is also the controlling shareholder of OMG, a subsidiary of the Company which is listed on the Stock Exchange. OMG is engaged in the business of the publication, marketing and distribution of Chinese-language lifestyle magazines and the sale of advertising space in those magazines in Hong Kong and the PRC. The directors consider that there is a clear delineation and no competition between the businesses of the Group and OMG and confirm that the Company is carrying on its business independently of, and at arm's length with, OMG.

DIRECTORS' SERVICE CONTRACTS

Each of Mr TANG Ying Yu, Mr David YU Hon To and Mr Victor YANG has entered into a service contract with the Company for a term of two years and three months commencing from 1st January 2006 until 31st March 2008, and unless terminated by either party in writing prior to the expiry of the term, the appointment will be renewed for two successive years.

Mr TIONG Kiew Chiong entered into a service contract in May 1998. The service contract shall continue unless and until terminated by either the Company or Mr TIONG Kiew Chiong giving to the other not less than 3 months' prior notice in writing to terminate the service contract.

Save disclosed therein, none of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

SHARE OPTION SCHEMES

(a) Share Option Scheme of the Company

Pursuant to a share option scheme (the "MP Scheme") approved at the Special General Meeting of the Company held on 21st August 2001 and for the primary purpose of providing incentive to full time employees, the directors of the Company may at their discretion invite full time employees including executive directors of the Company and its subsidiaries to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

(i) Summary of terms:

The maximum individual entitlement of options shall not exceed 25% of the maximum aggregate number of shares in the capital of the Company in respect of which options may at that time be granted under the MP Scheme. The maximum number of shares in respect of which options may be granted (together with options exercised and options then outstanding) under the MP Scheme may not exceed 10% of the issued share capital of the Company from time to time excluding (i) any shares which have been duly allotted and issued pursuant to the MP Scheme and other schemes; and (ii) any pro-rata entitlements to further shares issued in respect of those shares mentioned in (i). The MP Scheme will remain valid for a period of ten years commencing on 21st August 2001 after which period no further options will be offered. The offer of a grant of share option may be accepted within 28 days from the date of offer upon payment of a nominal consideration of HK$1.00 by the grantee. Options granted are exercisable at any time within ten years after the date of grant or ten years after the adoption date of the MP Scheme (i.e. 20th August 2011), whichever is earlier.

Pursuant to the Listing Rules' new requirements governing share option schemes which came into effect on 1st September 2001, certain provisions of the MP Scheme were no longer applicable which included the basis of determining the subscription price. According to the Listing Rules, the share subscription price will be determined as the highest of (i) the nominal value of the shares of the Company, (ii) the average of the closing prices of the shares of the Company as stated in the daily quotation sheet by the Stock Exchange on the five trading days immediately preceding the granting of the options, and (iii) the closing price of the shares of the Company as stated in the daily quotation sheet by the Stock Exchange on the date of grant of the share options.

(ii) During the year, movements of the share options granted under the MP Scheme are as follows:

Grantee	Number of shares involved in share options					Percentage of issued ordinary shares at 31st March 2006	Exercise price per share HK$	Date of grant	Exercisable period
	Balance at 1st April 2005	Granted during the year	Exercised during the year	Lapsed during the year *(note)*	Balance at 31st March 2006				
Directors:									
Tan Sri Datuk TIONG Hiew King	300,000	–	–	–	300,000	0.074%	1.592	31/08/2001	01/09/2001 – 20/08/2011
Tan Sri Datuk TIONG Hiew King	300,000	–	–	–	300,000	0.074%	1.800	15/09/2003	16/09/2003 – 20/08/2011
Mr TIONG Kiu King	300,000	–	–	–	300,000	0.074%	1.592	31/08/2001	01/09/2001 – 20/08/2011
Mr TIONG Kiu King	300,000	–	–	–	300,000	0.074%	1.800	15/09/2003	16/09/2003 – 20/08/2011
Dr TIONG Ik King	300,000	–	–	–	300,000	0.074%	1.592	31/08/2001	01/09/2001 – 20/08/2011
Dr TIONG Ik King	300,000	–	–	–	300,000	0.074%	1.800	15/09/2003	16/09/2003 – 20/08/2011
Mr TIONG Kiew Chiong	300,000	–	–	–	300,000	0.074%	1.592	31/08/2001	01/09/2001 – 20/08/2011
Mr TIONG Kiew Chiong	300,000	–	–	–	300,000	0.074%	1.800	15/09/2003	16/09/2003 – 20/08/2011
	2,400,000	–	–	–	2,400,000	0.592%			
Full time employees	1,757,000	–	–	–	1,757,000	0.434%	1.592	31/08/2001	01/09/2001 – 20/08/2011
Full time employees	1,040,000	–	–	(30,000)	1,010,000	0.249%	1.320	29/08/2003	30/08/2003 – 20/08/2011
Total	5,197,000	–	–	(30,000)	5,167,000	1.275%			

No share option was granted, exercised or cancelled during the year.

Note: During the year, 30,000 share options have lapsed by reason of the grantees ceased to be full time employees of the Company and its subsidiaries.

SHARE OPTION SCHEMES (Continued)

(b) Share Option Schemes of OMG

OMG is an exempted company incorporated in the Cayman Islands with limited liability on 11th March 2005 whose shares have been listed on the Main Board of the Stock Exchange since 18th October 2005 and is a subsidiary of the Company owned as to 44.3% at date of this report.

The Pre-IPO Scheme and the Post-IPO Scheme ("OMG Schemes") were conditionally approved and adopted by ordinary resolutions of the shareholders of OMG and the Company on 26th September 2005 ("Adoption Date"). The principal terms of the Pre-IPO Scheme are substantially the same as the terms of the Post-IPO Scheme (where applicable) except for the following principal terms: (a) the subscription price per share of OMG shall be the offer price; and (b) no options will be offered or granted upon the commencement of dealings in the shares of OMG on the Stock Exchange.

Pursuant to the OMG Schemes, the board of OMG may, at its absolute discretion, grant share options to any full time employee, executive and non-executive directors (including independent non-executive directors) of OMG group or the Group (for so long as OMG remains a subsidiary of the Company) to subscribe for shares in OMG subject to the terms and conditions stipulated therein. The purposes of the OMG Schemes are to encourage employees to work towards enhancing the value of OMG and its shares for the benefit of OMG and its shareholders as a whole, and to motivate them to achieve higher levels of good corporate governance.

(i) Summary of terms:

The maximum number of shares in respect of which options may be granted under the OMG Schemes when aggregated with the maximum number of shares in respect of any options to be granted under any other share option scheme established by OMG (if any) is that number which is equal to 10% of the issued share capital of OMG immediately following the commencement of dealings in the shares of OMG on the Stock Exchange. No employee shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted to such employee in any 12-month period up to the date of the latest grant would exceed 1% of the issued share capital of OMG from time to time.

The period within which an option may be exercised under each of the OMG Schemes will be determined and notified by the board of OMG in its absolute discretion (subject to any vesting periods, if applicable), save that no option may be exercised later than ten years from the date of offer of the option or ten years after the Adoption Date, whichever is earlier. As evidenced by the vesting periods of the options granted under the Pre-IPO Scheme, no option granted under the Pre-IPO Scheme will be exercisable within six months from the listing date of OMG. Save for the number of shares which may be subscribed for pursuant to the exercise of options and the vesting periods of the options granted, each option so granted under the Pre-IPO Scheme has the same terms and conditions.

The offer of a grant of share option may be accepted within 28 days from the date of offer upon payment of a nominal consideration of HK$1.00 by the grantee.

Under each of the OMG Schemes, the subscription price in relation to each option shall be determined by the board of OMG in its absolute discretion, but in any event shall be the highest of: (i) the closing price of the shares of OMG as stated in the Stock Exchange's daily quotation sheet on the date, which must be a business day, of the written offer of the option; (ii) the average closing price of the shares of OMG as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer of the grant of such option; and (iii) the nominal value of the shares of OMG.

SHARE OPTION SCHEMES (Continued)

(b) Share Option Schemes of OMG (Continued)

(i) Summary of terms: (Continued)

In relation to each option granted to the grantees, either of the following two vesting scales has been applied:

(1) 20% of the shares comprised in the option will vest on each of the five anniversaries of the OMG listing date from the first anniversary of the listing date to the fifth anniversary of the listing date; or

(2) 100% of the shares comprised in the option will fully vest on the first anniversary of the listing date,

as the case may be, which has been specified in the offer letters to the grantees.

(ii) As at 31st March 2006, no option has been granted or agreed to be granted by OMG under the Post-IPO Scheme. During the year, movements of the share options granted under the Pre-IPO Scheme are as follows:

Grantee	Number of shares involved in share options: Balance at 18th October 2005	Granted during the year	Exercised during the year	Lapsed during the year *(note 2)*	Balance at 31st March 2006	Percentage of issued ordinary shares of OMG at 31st March 2006	Exercise price per share HK$	Date of grant	Exercisable period
Directors:									
Tan Sri Datuk									
TIONG Hiew King *(note 1a)*	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005 – 25/09/2015
Mr TIONG Kiu King *(note 1a)*	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005 – 25/09/2015
Dr TIONG Ik King *(note 1a)*	1,000,000	–	–	–	1,000,000	0.25%	1.200	27/09/2005	18/10/2005 – 25/09/2015
Mr TIONG Kiew Chiong *(note 1a)*	1,250,000	–	–	–	1,250,000	0.31%	1.200	27/09/2005	18/10/2005 – 25/09/2015
Mr TANG Ying Yu *(note 1a)*	150,000	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005 – 25/09/2015
Mr David YU Hon To *(note 1a)*	150,000	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005 – 25/09/2015
Mr Victor YANG *(note 1a)*	150,000	–	–	–	150,000	0.04%	1.200	27/09/2005	18/10/2005 – 25/09/2015
	5,200,000	–	–	–	5,200,000	1.30%			
Full time employees *(note 1a)*	8,200,000	–	–	(100,000)	8,100,000	2.03%	1.200	27/09/2005	18/10/2005 – 25/09/2015
Full time employees *(note 1b)*	1,280,000	–	–	(108,000)	1,172,000	0.29%	1.200	27/09/2005	18/10/2005 – 25/09/2015
Total	14,680,000	–	–	(208,000)	14,472,000	3.62%			

No share option was exercised or cancelled during the year.

Notes:

(1) In relation to each option granted to the grantees, either of the following two vesting scales has been applied:

a. 20% of the OMG's shares comprised in the options will vest on each of the five anniversaries of the OMG listing date from the first anniversary of the listing date to the fifth anniversary of the listing date; or

b. 100% of the OMG's shares comprised in each of the option will fully vest on the first anniversary of the listing date,

as the case may be, which has been specified in the offer letters to the grantees. Subject to the relevant vesting period, each option has a 10-year exercise period from the date of the offer of the option. As evidenced by the vesting periods of the options granted under the OMG Schemes, no option granted under the OMG Schemes will be exercisable within six months from the listing date.

(2) During the year, 208,000 share options have lapsed by reason of the grantees ceased to be full time employees of OMG and its subsidiaries.

SHARE OPTION SCHEMES (Continued)

Apart from the above share option schemes, at no time during the year were rights to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company granted to any directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or its holding company or any its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's businesses to which the Company, its subsidiaries, its holding company or its fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PARTICULARS OF INTERESTS HELD BY DIRECTORS, CHIEF EXECUTIVES AND THEIR ASSOCIATES

At 31st March 2006, the interests of the directors, chief executives and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") are as follows:

(a) Interests in Shares and Underlying Shares in the Company

	Number of shares/underlying shares held						
Name of director	**Personal interests**	**Family interests**	**Corporate interests** *(note 1)*	**Total interests in shares**	**Interests in underlying shares pursuant to share options** *(note 2)*	**Aggregate interests**	**Percentage of issued ordinary shares at 31st March 2006**
Tan Sri Datuk TIONG Hiew King	150,000	–	252,487,700	252,637,700	600,000	253,237,700	62.49%
Dr TIONG Ik King	–	–	252,487,700	252,487,700	600,000	253,087,700	62.46%
Mr TIONG Kiu King	611,000	147,000	–	758,000	600,000	1,358,000	0.34%
Mr TIONG Kiew Chiong	1,200,000	–	–	1,200,000	600,000	1,800,000	0.44%

Notes:

(1) The corporate interests of Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King in the Company are jointly held through Conch Company Limited ("Conch") which holds 252,487,700 shares of the Company. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King. In addition, Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King directly hold 25% and 22% of the interest in Conch respectively.

(2) These represent share options granted by the Company to the relevant directors under the MP Scheme to subscribe for shares of the Company.

PARTICULARS OF INTERESTS HELD BY DIRECTORS, CHIEF EXECUTIVES AND THEIR ASSOCIATES (Continued)

(b) Interests in Shares and Underlying Shares in OMG

Name of director	Number of shares/underlying shares held						Percentage of issued ordinary shares of OMG at 31st March 2006
	Personal interests	Family interests	Corporate interests	Total interests in shares	Interests in underlying shares pursuant to share options *(note)*	Aggregate interests	
Tan Sri Datuk TIONG Hiew King	–	–	–	–	1,250,000	1,250,000	0.31%
Mr TIONG Kiu King	–	–	–	–	1,250,000	1,250,000	0.31%
Dr TIONG Ik King	–	–	–	–	1,000,000	1,000,000	0.25%
Mr TIONG Kiew Chiong	–	–	–	–	1,250,000	1,250,000	0.31%
Mr TANG Ying Yu	–	–	–	–	150,000	150,000	0.04%
Mr David YU Hon To	–	–	–	–	150,000	150,000	0.04%
Mr Victor YANG	–	–	–	–	150,000	150,000	0.04%

Note: These represent share options granted by OMG to the directors of the Company under the Pre-IPO Scheme conditionally approved by the Company and conditionally approved and adopted by OMG on 26th September 2005 to subscribe for shares of OMG.

Save as disclosed above and those disclosed under ''Share Option Schemes", at 31st March 2006, none of the directors, chief executives and their associates had any interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 31st March 2006, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Name of shareholder	Number of ordinary shares held	Percentage of issued ordinary shares at 31st March 2006
Conch Company Limited *(note 1)*	252,487,700	62.31%
Dr Louis CHA *(note 2)*	40,463,400	9.99%

All the interests stated above represent long positions in the shares of the Company.

Notes:

(1) Conch Company Limited ("Conch") owns 252,487,700 shares of the Company. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King. In addition, Tan Sri Datuk TIONG Hiew King and Dr TIONG Ik King directly hold 25% and 22% of the interest in Conch respectively.

(2) Dr Louis CHA beneficially owns 38,798,400 shares of the Company and Snowdrop Limited, a company wholly-owned by Dr Louis CHA, owns 1,665,000 shares of the Company.

Save as disclosed above and those disclosed under "Particulars of interests held by Directors, Chief Executives and their Associates", the Company had not been notified of any other interests representing 5% or more of the issued share capital of the Company at 31st March 2006.

CONTINUING CONNECTED TRANSACTIONS

Following the completion of the strategic alliance with Redgate Media Inc. ("Redgate") in April 2004, Redgate became a connected person of the Company by virtue of Redgate's 40% interest in Winmax Resources Limited and its subsidiaries ("Winmax Group"), an indirect non-wholly-owned subsidiary of the Company and currently operates the magazine business of the Group. Winmax Resources Limited became an associate of Redgate and the continuing connected transactions (the "Transactions") between Winmax Group and the Group are subject to disclosure requirements under the Listing Rules.

Save for the Transactions exempted under Rule 14A.33(1), Rule 14A.33(2) and Rule 14A.33(3)(b) of the Listing Rules, details of the Transactions entered into between Winmax Group and the Group during the year are set out as follows:

Nature of transactions	2006 HK$'000	Annual Caps HK$'000
Licensing fee paid by Winmax Group *(note 1)*	13,658	18,100
Circulation support services charge *(note 2)*	3,117	4,200
Charges for the leasing of:		
(i) computers and other office equipment *(note 3)*		
(ii) office space, storage space and parking spaces *(note 4)*	1,738	2,500 (total of items (i) & (ii))

CONTINUING CONNECTED TRANSACTIONS (Continued)

Notes:

(1) The licensing fee was determined with reference to the range of licensing fees charged by independent market practitioners in the magazine licensing industry in Hong Kong and Mainland China markets.

(2) The circulation support services charge related to the distribution, sales and promotion of the publications of Winmax Group and was determined on cost reimbursement basis.

(3) Charges for the leasing of computers and other office equipment were determined on cost reimbursement basis and were based on the depreciation charges of the equipment provided.

(4) Charges for the leasing of office space, storage space and parking spaces were determined on cost reimbursement basis and were based on prevailing market rates of comparable premises.

The directors, including the independent non-executive directors of the Company, have reviewed the Transactions and confirmed that the Transactions were entered into by the Group:

(i) in the ordinary and usual course of the Group's business;

(ii) on normal commercial terms or on terms that are fair and reasonable so far as the equity holders of the Company are concerned;

(iii) in accordance with the terms of the agreements governing such transactions or on terms no less favourable than terms available to or from independent third parties; and

(iv) within the relevant cap amounts as agreed by the Stock Exchange.

The above transactions were approved by the Company's board of directors on 30th March 2004 and the details of the above connected transactions were disclosed in an announcement dated 6th April 2004.

MANAGEMENT CONTRACTS

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

PENSION SCHEME ARRANGEMENT

The Group operates a hybrid retirement benefit scheme (the "Scheme") and a Mandatory Provident Fund Scheme (the "MPF") for its employees in Hong Kong. Overseas employees are under separate pension schemes which are defined contribution plans set up in the countries that the Group operates. The assets of all retirement plans are held separately from those of the Group in independently administered funds. The defined benefit plans and defined contribution plans are generally funded by payments from the relevant Group companies and/or employees.

During the year, the Scheme was funded by contributions from both the employees and the Group at 5% each of the monthly basic salaries of the employees. Actual contributions paid by the Group was only 4% of the monthly basic salaries of the employees, the difference was funded from the forfeiture reserve. Forfeited employers' contributions arising from early termination of services by employees are credited to a forfeiture reserve for the purposes of funding the differences in the Group's contributions as aforesaid and for covering any shortfall on the defined benefit plans. The total amount available for such purposes amounted to HK$17,274,000 at 31st March 2006 (31st March 2005: HK$16,616,000).

PENSION SCHEME ARRANGEMENT (Continued)

The most recent independent actuarial valuation of the Scheme (the "Valuation") was carried out as at 1st January 2004 by Watson Wyatt Hong Kong Limited, a professionally qualified independent actuary. According to the Valuation, the Scheme was solvent at the date of the Valuation.

With effect from 1st December 2000, all new joiners of the Group are eligible to join the MPF. The Group's contributions to the MPF are at 5% of the employees' relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HK$1,000 per employee per month (the "MPF Contributions"). The MPF Contributions are fully and immediately vested in the employees as accrued benefit once they are paid.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the laws in Bermuda.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

TIONG Kiew Chiong
Chairman

Hong Kong, 30th June 2006

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Good corporate governance practices are crucial to the smooth and effective operation of a company and its ability to attract investment and protect shareholders' interest. The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness.

On 1st January 2005, the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules became effective. The Company adopted all the code provisions in the Code as its own code on corporate governance practices.

During the year under review, the Company has met the code provisions (those which became effective for accounting periods beginning on or after 1st January 2005) as set out in the Code except for the code provision A.2.1 that the roles of the chairman (the "Chairman") and the chief executive officer (the "CEO") should be separate and should not be performed by the same individual.

The board of directors of the Company (the "Board") has on 13th December 2005 approved and adopted a memorandum relating to the division of responsibilities between the Chairman and the CEO and appointed Mr TIONG Kiew Chiong as the CEO of the Company.

CONDUCT ON SHARE DEALINGS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code for securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, their compliance with the required standard as set out in the Model Code during the year.

The Company has also established written guidelines regarding securities transactions on no less exacting terms of the Model Code for senior management and specific individuals who may have access to price sensitive information in relation to the securities of the Company.

THE BOARD OF DIRECTORS

Composition and function

The Board comprises seven directors, of which four are executive directors ("Executive Directors") and the remaining three are independent non-executive directors ("INEDs").

As at 31st March 2006, the directors were:

Name of director	**Title**
Executive Directors	
Tan Sri Datuk TIONG Kiew King	*Chairman*
Mr TIONG Kiu King	*Executive Director*
Dr TIONG Ik King	*Executive Director*
Mr TIONG Kiew Chiong	*CEO*
INEDs	
Mr TANG Ying Yu	*INED*
Mr David YU Hon To	*INED*
Mr Victor YANG	*INED*

The biographies of each of the directors are set out on pages 16 to 17 of this Annual Report. Pursuant to the written guidelines adopted by the Company, specific matters are reserved to the Board for its decision and certain matters are delegated to the senior management.

THE BOARD OF DIRECTORS (Continued)

Composition and function (Continued)

The Board is responsible for, inter alia:

(a) reviewing and approving the strategic direction of the Group established by Executive Directors in conjunction with the management;
(b) reviewing and approving objectives, strategies and business development plans set by executive committee of the Company ("Executive Committee");
(c) monitoring the performance of the CEO and the senior management;
(d) assuming responsibility for corporate governance;
(e) approving the nominations of directors; and
(f) reviewing the effectiveness of the internal control system of the Group.

The senior management and the Executive Committee, under the leadership of the CEO, are responsible for:

(a) formulating strategies and business development plans, submitting the same to the Board for approval and implementing such strategies and business development plans thereafter;
(b) submitting reports on the Group's operations to the Board on a regular basis;
(c) reviewing annual budgets and submitting the same to the Board for approval;
(d) reviewing salary increment proposal and remuneration policy and submitting the same to the Board for approval; and
(e) assisting the Board in conducting the review of the effectiveness of the internal control system of the Group.

The Board has also formulated written guidelines determining which matters require a decision of the full board and which of the executive board.

Independence of INEDs

Pursuant to the requirements of the Listing Rules, the Company has received annual written confirmations from each INED of his independence to the Group and the Company considered all INEDs to be independent.

Proceedings and retirement of directors

In accordance with the bye-laws of the Company, subject to the manner of retirement by rotation of directors as from time to time prescribed under the Listing Rules and notwithstanding any contractual or other terms on which any director may be appointed or engaged, at each annual general meeting, one-third of the directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

All three INEDs are appointed for a term of two years and three months commencing from 1st January 2006 until 31st March 2008, and are subject to retirement and re-election by rotation at the annual general meeting under the Company's bye-laws.

All directors have access to board papers and related materials, and are provided with adequate information on a timely manner. The directors may, if necessary, seek legal or other independent professional advice at the expense of the Company pursuant to a written guideline adopted by the Board. In respect of regular board meetings or committee meetings, the agenda is sent out to the directors at least fourteen days before the meeting and the accompanying papers are sent at least three days before the intended date of meeting for information.

THE BOARD OF DIRECTORS (Continued)

Directors' responsibilities

In relation to the financial reporting, all directors acknowledge their responsibilities for preparing the financial statements of the Group. The Group has appropriate insurance in place to cover the liabilities of the directors and senior management of the Group.

GOVERNANCE STRUCTURE

As an integral part of good corporate governance, the Board has established the following committees. The authorities, functions, composition and duties of each of the committees are set out below:

1 Executive Committee

The Executive Committee comprises Mr TIONG Kiu King, Mr TIONG Kiew Chiong, Mr ONG See Boon (Group Editorial Director and Special Assistant to the Chairman), Mr CHEUNG Kin Bor (Editor-in-chief of Ming Pao Daily News) and Mr Keith KAM Woon Ting (Chief Operating Officer of Ming Pao Holdings Limited and Mingpao.com Limited).

The Executive Committee is the decision-making body for day-to-day operation and its main duties include performing duties delegated by the Board and exercising the authorities and rights authorised by the same pursuant to written guidelines.

2 Remuneration Committee

The Remuneration Committee was established on 25th May 2005 with specific terms of reference that specify its authorities and duties. The Remuneration Committee has four members, namely, Mr TANG Ying Yu, Mr David YU Hon To, Mr Victor YANG and Mr TIONG Kiew Chiong. Except Mr TIONG Kiew Chiong, the rest are all INEDs and Mr David YU Hon To is the chairman of the Remuneration Committee.

The functions of the Remuneration Committee include, among other things, making recommendations to the Board on the Company's policy and structure for remuneration of the directors and senior management; establishing a formal and transparent procedure for developing policy on remuneration; and determining specific remuneration packages for the directors and senior management.

The remuneration of all the directors and their respective interest in share options are set out in note 13 to the financial statements and under the "Share Option Schemes" paragraph in the Report of the Directors of this Annual Report.

Since the establishment of the Remuneration Committee, it has reviewed the policies and structure for the remuneration of its directors and senior management and offered advice on the same to the Board.

3 Nomination Committee

The Nomination Committee was established on 25th May 2005 with specific terms of reference that specify its authorities and duties. The Nomination Committee has four members, namely, Mr TANG Ying Yu, Mr David YU Hon To, Mr Victor YANG and Mr TIONG Kiew Chiong. Except Mr TIONG Kiew Chiong, the rest are all INEDs and Mr Victor YANG is the chairman of the Nomination Committee.

The functions of the Nomination Committee include, among other things, making recommendations to the Board on the Group's nomination policy and procedures and recommending candidates for directorship.

Since the establishment of the Nomination Committee, it has reviewed the structure, size and composition of the Board and made recommendation on the same to the Board.

GOVERNANCE STRUCTURE (Continued)

4 Audit Committee

The Audit Committee has been established since 1999 with specific terms of reference that specify its authorities and duties. The Audit Committee is composed of the three INEDs, namely, Mr TANG Ying Yu, Mr David YU Hon To and Mr Victor YANG. Mr David YU Hon To is the chairman of the Audit Committee.

The functions of the Audit Committee include, among other things, overseeing the relationship with the Company's external auditors; making recommendations to the Board on the appointment, re-appointment and removal of the external auditors; reviewing the financial information of the Group including monitoring the integrity of the Group's financial statements, annual report, half-year report and reviewing significant financial reporting judgments contained therein; and overseeing the Group's financial reporting system and internal control procedures.

The Audit Committee has met regularly with the management and the external auditors, and reviewed audited financial statements for the year ended 31st March 2006; interim report for the six months ended 30th September 2005; external auditors' audit plan; and report from the external auditors on the audit of the Group's financial statements. In addition, the Audit Committee has made recommendation to the Board on the re-appointment of the external auditors; and setting up of an internal audit department of the Group.

NUMBER OF MEETINGS AND ATTENDANCE RATE

The following shows the number of regular board meetings and committee meetings held during the year as well as the attendance rate of each director.

Attendance rate

Name of director	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Tan Sri Datuk TIONG Hiew King	2/4	N/A	N/A	N/A
Mr TIONG Kiu King	4/4	N/A	N/A	N/A
Dr TIONG Ik King	4/4	N/A	N/A	N/A
Mr TIONG Kiew Chiong	4/4	N/A	4/4	3/3
Mr TANG Ying Yu	4/4	2/3	3/4	3/3
Mr David YU Hon To	4/4	3/3	4/4	3/3
Mr Victor YANG	4/4	3/3	4/4	3/3

THE DIVISION OF RESPONSIBILITIES BETWEEN THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

With a view to maintaining an effective segregation of duties, the positions of Chairman and CEO are held by different persons and each plays a distinctive role. The Chairman is mainly responsible for the leadership and effective operation of the Board and ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner, and the CEO is delegated with the authority and is mainly responsible for operating the Group's business and implementing the approved strategies in achieving the corporate objectives.

EXTERNAL AUDITORS

PricewaterhouseCoopers was appointed as the Group's external auditors for the year ended 31st March 2006. During the year, PricewaterhouseCoopers provided the following audit and non-audit services to the Group:

	HK$'000
Annual audit and interim review services	3,123
Non-audit services	
IPO *(note)*	1,170
Other services	238
	4,531

Note: The fee related to the IPO of OMG.

PricewaterhouseCoopers will retire and offer themselves for re-appointment at the annual general meeting of the Company to be held in September 2006.

A statement by PricewaterhouseCoopers about their reporting responsibilities on the financial statements of the Group is set out in the Auditors' Report section of this Annual Report on page 31.

SHAREHOLDERS' RIGHTS

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include general meetings, interim and annual reports, announcements and circulars. Procedure for voting by poll has been included in the circulars of the Company accompanying notices convening general meetings and has been read out by the chairman at the general meetings held in 2005.

At the 2005 annual general meeting, a separate resolution was proposed by the chairman in respect of each separate issue, including re-election of directors. The respective chairman of the Board, Audit Committee, Remuneration Committee and Nomination Committee attended the 2005 annual general meeting to answer questions raised by shareholders.

INTERNAL CONTROL

The Board has regularly conducted review on the internal control system of the Company and will take any necessary and appropriate action to maintain an adequate internal control system to safeguard shareholders' investments and the Company's assets. The effectiveness of the internal control system was discussed on an annual basis with the Audit Committee.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

AUDITORS' REPORT TO THE SHAREHOLDERS OF
MING PAO ENTERPRISE CORPORATION LIMITED
(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 32 to 87 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors of the Company are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2006 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30th June 2006

Consolidated Income Statement

For the year ended 31st March 2006

	Note	2006 HK$'000	As restated 2005 HK$'000
Turnover	5	**1,248,623**	1,168,679
Cost of goods sold		**(911,147)**	(828,499)
Gross profit		**337,476**	340,180
Other gains	5	**70,229**	8,824
Selling and distribution expenses		**(197,280)**	(165,952)
Administrative expenses		**(123,838)**	(106,287)
Other operating (expenses)/income, net		**(945)**	2,186
Operating profit	6	**85,642**	78,951
Finance costs	7	**(3,209)**	(2,325)
Share of losses of associated companies		**(2,909)**	(3,677)
Profit before income tax		**79,524**	72,949
Income tax expense	8	**(7,529)**	(21,776)
Profit for the year		**71,995**	51,173
Attributable to:			
Equity holders of the Company	9	**68,514**	43,340
Minority interests		**3,481**	7,833
		71,995	51,173
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in HK cents)			
– basic	11	**17**	11
– diluted	11	**17**	11
Dividends	10	**(28,011)**	(27,619)

Consolidated Balance Sheet

As at 31st March 2006

	Note	2006 HK$'000	As restated 2005 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**163,831**	175,939
Leasehold land and land use rights	*15*	**110,557**	113,269
Intangible assets	*16*	**69,133**	2,028
Interests in associated companies	*18*	**–**	22,210
Defined benefit plan's assets	*19*	**15,104**	14,687
Deferred income tax assets	*32*	**671**	621
		359,296	328,754
Current assets			
Inventories	*20*	**53,124**	51,043
Available-for-sale financial assets		**4,698**	–
Financial assets at fair value through profit or loss	*21*	**2,085**	–
Trading securities	*22*	**–**	1,948
Trade and other receivables	*23*	**238,784**	199,553
Deferred income tax assets	*32*	**3,521**	128
Income tax recoverable		**6,476**	894
Bank balances and cash	*24*	**308,933**	190,158
		617,621	443,724
Current liabilities			
Trade and other payables	*25*	**183,430**	118,204
Income tax liabilities		**633**	7,589
Short-term bank loans	*28*	**18,964**	22,081
Bank overdrafts, secured		**20,906**	12,504
Current portion of long-term liabilities	*29*	**5,227**	5,943
Deferred income tax liabilities	*32*	**878**	437
		230,038	166,758
Net current assets		**387,583**	276,966
Total assets less current liabilities		**746,879**	605,720
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*26*	**40,522**	39,442
Reserves	*27*	**593,651**	517,345
		634,173	556,787
Minority interests		**81,387**	12,318
Total equity		**715,560**	569,105
Non-current liabilities			
Long-term liabilities	*29*	**17,926**	22,448
Deferred income tax liabilities	*32*	**13,393**	14,167
		746,879	605,720

On behalf of the Board

TIONG Kiu King
Director

TIONG Kiew Chiong
Director

Balance Sheet

As at 31st March 2006

	Note	2006 HK$'000	2005 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	*17*	**1,089,110**	1,042,457
Current assets			
Financial assets at fair value through profit or loss	*21*	**2,085**	–
Trading securities	*22*	**–**	1,948
Trade and other receivables	*23*	**388**	215
Income tax recoverable		**–**	52
Bank balances and cash	*24*	**107,647**	80,917
		110,120	83,132
Current liabilities			
Amounts due to subsidiaries		**6,339**	118
Trade and other payables	*25*	**2,045**	695
Income tax liabilities		**151**	–
		8,535	813
Net current assets		**101,585**	82,319
Total assets less current liabilities		**1,190,695**	1,124,776
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*26*	**40,522**	39,442
Reserves	*27*	**1,150,173**	1,085,334
Total equity		**1,190,695**	1,124,776

On behalf of the Board

TIONG Kiu King
Director

TIONG Kiew Chiong
Director

Consolidated Statement of Changes in Equity

For the year ended 31st March 2006

	Note	Attributable to equity holders of the Company: Share capital HK$'000	Reserves HK$'000	Minority interests HK$'000	Total HK$'000
Balance at 1st April 2004, as previously reported		39,735	561,397	1,664	602,796
Effect of adopting HKAS 17	*27*	–	(74,197)	–	(74,197)
Effect of adopting HKAS 17 on deferred income tax	*27*	–	14,271	–	14,271
Balance at 1st April 2004, as restated		39,735	501,471	1,664	542,870
Exchange differences arising on translation of the financial statements of foreign subsidiaries not recognised in the consolidated income statement	*27*	–	2,185	–	2,185
Profit for the year, as restated	*27*	–	43,340	7,833	51,173
Dividends paid	*27*	–	(27,681)	–	(27,681)
Repurchase of ordinary shares	*26*	(293)	(3,943)	–	(4,236)
Goodwill written off due to disposal of partial interests in subsidiaries	*27*	–	1,973	–	1,973
Disposal of partial interests in subsidiaries		–	–	2,821	2,821
Balance at 31st March 2005, as restated		39,442	517,345	12,318	569,105
Balance at 1st April 2005, as previously reported		**39,442**	**574,121**	**12,318**	**625,881**
Effect of adopting HKAS 17	*27*	**–**	**(70,423)**	**–**	**(70,423)**
Effect of adopting HKAS 17 on deferred income tax	*27*	**–**	**13,647**	**–**	**13,647**
Balance at 1st April 2005, as restated		**39,442**	**517,345**	**12,318**	**569,105**
Exchange differences arising on translation of the financial statements of foreign subsidiaries not recognised in the consolidated income statement	*27*	**–**	**305**	**–**	**305**
Profit for the year	*27*	**–**	**68,514**	**3,481**	**71,995**
Dividends paid	*27*	**–**	**(27,566)**	**–**	**(27,566)**
Repurchase of ordinary shares	*26(a)*	**(120)**	**(1,728)**	**–**	**(1,848)**
Issue of ordinary shares	*26(b)*	**1,200**	**15,000**	**–**	**16,200**
Issue of ordinary shares by a listed subsidiary		**–**	**–**	**105**	**105**
Share compensation costs on share options granted by a listed subsidiary	*27*	**–**	**794**	**–**	**794**
Asset revaluation surplus arising from acquisition of subsidiaries	*27*	**–**	**20,987**	**–**	**20,987**
Disposal of partial interests in subsidiaries		**–**	**–**	**65,483**	**65,483**
Balance at 31st March 2006		**40,522**	**593,651**	**81,387**	**715,560**

Consolidated Cash Flow Statement

For the year ended 31st March 2006

	Note	2006 HK$'000	2005 HK$'000
Cash flows from operating activities			
Cash generated from operations	*30(a)*	**69,297**	63,319
Interest on bank loans and overdrafts		**(2,728)**	(1,695)
Interest element of finance lease payments		**(481)**	(630)
Hong Kong profits tax paid		**(19,297)**	(13,561)
Overseas tax paid		**(4,546)**	(4,536)
Net cash generated from operating activities		**42,245**	42,897
Cash flows from investing activities			
Purchase of property, plant and equipment		**(11,813)**	(8,821)
Proceeds from disposal of partial interests in subsidiaries		**96,403**	–
Net cash inflow in respect of the acquisition of subsidiaries	*30(b)*	**8,344**	4,615
Proceeds from disposals of property, plant and equipment		**7**	1,116
Repayment from/(advance to) an associated company		**5,349**	(4,218)
Interest received		**8,640**	2,949
Dividends received		**75**	42
Net cash generated from/(used in) investing activities		**107,005**	(4,317)
Cash flows from financing activities	*30(c)*		
Repurchase of ordinary shares		**(1,848)**	(4,236)
Dividends paid		**(27,566)**	(27,681)
Proceeds from loans		**–**	5,986
Repayment of bank loans		**(4,966)**	(1,771)
Capital element of finance lease payments		**(4,256)**	(3,751)
Net cash used in financing		**(38,636)**	(31,453)
Net increase in cash and cash equivalents		**110,614**	7,127
Cash and cash equivalents as at 1st April		**177,654**	171,136
Exchange loss on cash and cash equivalents		**(241)**	(609)
Cash and cash equivalents as at 31st March		**288,027**	177,654
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**308,933**	190,158
Bank overdrafts		**(20,906)**	(12,504)
		288,027	177,654

1 GENERAL INFORMATION

Ming Pao Enterprise Corporation Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The Company is an investment holding company. The principal activities of its subsidiaries are the publication of Chinese newspapers, periodicals and books, and the provision of travel and travel related services.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 22nd March 1991.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 30th June 2006.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) (i) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The HKFRSs include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations ("HKAS-Int") issued by the Hong Kong Institute of Certified Public Accountants (''HKICPA") which are effective for accounting periods beginning on or after 1st January 2005. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The adoption of new HKFRSs

For the year ended 31st March 2006, the Group has adopted the new HKFRSs below, which are relevant to its operations, in the preparation of the financial statements. The 2005 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) (i) Basis of preparation (Continued)

HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKAS-Int 12	Consolidation – Special Purpose Entities
HKAS-Int 15	Operating Leases – Incentives
HKAS-Int 31	Revenue – Barter Transactions Involving Advertising Services
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

In summary:

The adoption of HKASs 2, 7, 8, 10, 12, 14, 16, 19, 21, 23, 27, 28, 33, 38, HK-Int 4, HKAS-Int 12, 15 and 31 did not result in substantial changes to the Group's accounting policies.

HKAS 1 has affected the presentation of minority interests and disclosure of the financial statements.

HKAS 24 has expanded the definition of related parties to include key management of the Group.

The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings in Hong Kong and in Mainland China were previously carried at cost or valuation less accumulated depreciation and accumulated impairment losses. In accordance with the provisions of HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. The lease of land should be classified as an operating lease and any premium paid thereon is stated at cost and amortised over the period of the lease. The leasehold building is stated at cost or valuation less accumulated depreciation and accumulated impairment losses and is included under the classification of property, plant and equipment in the balance sheet. The prepaid land premium and land use rights are presented in the balance sheet as a separate item under non-current assets. The effect of these changes has been reflected in the comparative figures and is summarised in note 2(a)(ii).

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets.

The adoption of HKAS 36 and HKFRS 3 has resulted in a change in accounting policy for goodwill. Prior to this, goodwill was amortised on a straight-line basis over a period of not exceeding 15 years and assessed for any indication of impairment at each balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) (i) Basis of preparation (Continued)

In accordance with the provisions of HKFRS 3, the Group ceased amortisation of goodwill from 1st April 2005 onwards and goodwill is tested annually for impairment as well as when there is indication of impairment. The accumulated amortisation as at 1st April 2005 has been offset against the cost of goodwill, with no comparatives restated. The Group's goodwill as at 31st March 2006 and 2005 amounted to HK$27,684,000 and HK$2,028,000 respectively.

The Group has newly adopted HKFRS 2 since 1st April 2005. Under HKFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods to the income statement and credited to employee share-based compensation reserve under equity.

In addition, share options were conditionally granted under a pre-IPO share option scheme of a subsidiary namely One Media Group Limited ("OMG") to certain employees of the Group on 26th September 2005. These share options were approved upon the listing of OMG on 18th October 2005 (the "Listing Date"), the vesting scales in relation to each option granted to the grantees shall begin on the Listing Date. The impact to the consolidated income statement of the Group for the year ended 31st March 2006 was HK$794,000.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application except HKAS 39 and HKFRS 3, which are prospectively applied after 1st April 2005.

(a) (ii) Summary of effects of the changes in accounting policies

On consolidated income statement:

	Effect of adopting		
	HKAS 17	**HKFRS 2**	**Total**
	HK$'000	HK$'000	HK$'000
For the year ended 31st March 2006			
Decrease in depreciation	**6,486**	**–**	**6,486**
Increase in amortisation of leasehold land and land use rights	**(2,712)**	**–**	**(2,712)**
Increase in deferred income tax charge	**(624)**	**–**	**(624)**
Increase in employee benefit expense	**–**	**(794)**	**(794)**
Increase/(decrease) in profit for the year	**3,150**	**(794)**	**2,356**
Increase/(decrease) in basic earnings per share (HK cents)	**0.8**	**(0.2)**	**0.6**
Increase/(decrease) in diluted earnings per share (HK cents)	**0.8**	**(0.2)**	**0.6**
For the year ended 31st March 2005			
Decrease in depreciation	6,486	–	6,486
Increase in amortisation of leasehold land and land use rights	(2,712)	–	(2,712)
Increase in deferred income tax charge	(624)	–	(624)
Increase in profit for the year	3,150	–	3,150
Increase in basic earnings per share (HK cents)	0.8	–	0.8
Increase in diluted earnings per share (HK cents)	0.8	–	0.8

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) (ii) Summary of effects of the changes in accounting policies (Continued)

On consolidated balance sheet:

	Effect of adopting			
	HKAS 17 HK$'000	HKAS 32 and HKAS 39 HK$'000	HKFRS 2 HK$'000	Total HK$'000
As at 31st March 2006				
Increase/(decrease) in assets and liabilities				
Property, plant and equipment	**(177,206)**	**–**	**–**	**(177,206)**
Leasehold land and land use rights	**110,557**	**–**	**–**	**110,557**
Available-for-sale financial assets	**–**	**4,698**	**–**	**4,698**
Financial assets at fair value through profit or loss	**–**	**2,085**	**–**	**2,085**
Trading securities	**–**	**(2,085)**	**–**	**(2,085)**
Trade and other receivables	**–**	**(4,698)**	**–**	**(4,698)**
Deferred income tax liabilities	**(13,023)**	**–**	**–**	**(13,023)**
Increase/(decrease) in equity				
Revaluation reserves	**(85,715)**	**–**	**–**	**(85,715)**
Employee share-based compensation reserve	**–**	**–**	**794**	**794**
Accumulated losses	**32,089**	**–**	**(794)**	**31,295**
As at 31st March 2005				
Increase/(decrease) in assets and liabilities				
Property, plant and equipment	(183,692)	–	–	(183,692)
Leasehold land and land use rights	113,269	–	–	113,269
Deferred income tax liabilities	(13,647)	–	–	(13,647)
Increase/(decrease) in equity				
Revaluation reserves	(85,715)	–	–	(85,715)
Accumulated losses	28,939	–	–	28,939

As at the date of approval of these financial statements, the following standards relevant to the Group have been issued but were not yet effective:

	Effective for accounting periods of the Group beginning on or after
HKFRS-Int 4 Determining whether an Arrangement contains a Lease	1st April 2006
Amendments to HKAS 19 Employee benefits:	
– Actuarial Gains and Losses, Group Plans and Disclosures	1st April 2006
Amendments to HKAS 39 Financial instruments: Recognition and Measurement:	
– The Fair Value Option	1st April 2006
– Financial Guarantee Contracts	1st April 2006
Amendments, as a consequence of the Hong Kong Companies (Amendment) Ordinance 2005, to:	
– HKAS 1 Presentation of Financial Statements	1st April 2006
– HKAS 27 Consolidated and Separate Financial Statements	1st April 2006
– HKFRS 3 Business Combinations	1st April 2006
HKFRS 7 Financial Instruments: Disclosures	1st April 2007
Amendment to HKAS 1 Presentation of Financial Statements	
– Capital Disclosures	1st April 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) (ii) Summary of effects of the changes in accounting policies (Continued)

In addition, the Hong Kong Companies (Amendment) Ordinance 2005 came into effect on 1st December 2005 and would be first applicable to the Group's financial statements for the period beginning 1st April 2006.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations would be in the period of initial application, but is not yet in a position to state whether these amendments, new standards and new interpretations would have a significant impact on the Group's results of operations and financial position.

(b) Group accounting

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st March.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Group accounting (Continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies
The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Goodwill on acquisitions that occurred prior to 1st April 2005 was amortised on a straight-line basis over a period of not exceeding 15 years and assessed for any indication of impairment at each balance sheet date. The Group ceased amortisation of goodwill from 1st April 2005 onwards.

(ii) Others

Other intangible assets comprise archives, masthead and publishing right that are acquired by the Group and are stated in the balance sheet at cost less accumulated amortisation.

Amortisation of intangible assets is charged to the income statement on a straight-line basis over the assets' estimated useful lives. Intangible assets with an indefinite useful life are tested systematically for impairment at each balance sheet date. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Archives, masthead and publishing right	15 – 25 years

(d) Property, plant and equipment

(i) Other properties

Other properties are interests in freehold land and buildings and are stated at cost or fair value which is determined by the directors based on independent valuations. Effective from 30th September 1995, no further revaluations of the Group's freehold land and buildings have been carried out. The Group places reliance on paragraph 80A of HKAS 16 which provides exemption from the need to make regular revaluations for such assets.

Freehold land is not amortised. Freehold buildings are depreciated on a straight-line basis over their expected useful lives to the Group, and the principal annual rate used for this purpose is 2.5%.

Buildings, which are situated on leasehold land and held for own use, are stated at cost or valuation and are depreciated on a straight-line basis over the unexpired periods of the leases or their expected useful lives to the Group, whichever is shorter. The principal annual rates range from 2% to 2.6%.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment (Continued)

(ii) Other property, plant and equipment

Plant and equipment, comprising leasehold improvements, furniture, fixtures, office equipment, machinery, printing equipment and motor vehicles, are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	15% – 33.33% or over remaining period of leases
Furniture, fixtures and office equipment	10% – 33.33%
Machinery and printing equipment	6.67% – 33.33%
Motor vehicles	25%

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(e)).

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement on the date of disposal.

(e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation but are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(f) Leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and long-term liabilities. The interest element of the finance cost is recognised in the income statement over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets are retained by the lessor are accounted for as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investments

From 1st April 2004 to 31st March 2005

The Group classified its investments in securities as trading securities. Trading securities were carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of trading securities are recognised in the income statement. Gains or losses on disposals of trading securities, representing the differences between the net sales proceeds and the carrying amounts, are recognised in the income statement as they arise.

From 1st April 2005 onwards:

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets represented unlisted club debentures that were stated at fair value at 31st March 2006.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Inventories

Inventories comprise raw materials and finished goods and are stated at the lower of cost and net realisable value. Cost is calculated on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(i) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Profit sharing and bonus plans

The expected cost of profit sharing and bonus plans is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by the employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) Pension obligations

The Group operates a hybrid retirement benefit scheme (the "Scheme") and a Mandatory Provident Fund Scheme (the ''MPF") for its employees in Hong Kong. Overseas employees are under separate pension schemes which are defined contribution plans set up in the countries that the Group operates. The assets of all retirement plans are held separately from those of the Group in independently administered funds. The defined benefit plans and defined contribution plans are generally funded by payments from the relevant Group companies and/or employees.

The Group's contributions to the defined benefit plans of the Scheme are made based on the periodic recommendations of independent qualified actuaries.

The Group's contributions to the defined contribution plans of the Scheme and the MPF scheme are expensed as incurred. The Group's contributions to the defined contribution plans of the Scheme are reduced by the Group's contributions forfeited by those employees who leave the plans prior to vesting fully in the Group's contributions.

For the defined benefit plans, the pension cost of the Scheme are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefit is charged to the income statement so as to spread the regular pension costs over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the Scheme. The pension obligation is measured as the present value of the estimated future cash outflows of the Scheme by reference to market yields of Government securities which have similar terms as the terms of the related liabilities. Actuarial gains and losses are recognised over the average remaining service lives of employees. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Employee benefits (Continued)

(iv) Long service payments

The Group's net obligations in respect of long service payments on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributed to contributions made by the Group. The discount rate is the yield at balance sheet date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

(v) Share-based compensation

The Group operates share-based compensation schemes. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. The Group recognises the impact of the revision of original estimates, if any, in the income statement with a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and bank overdrafts. Bank overdrafts are shown in current liabilities on the balance sheet.

(l) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates (and laws), enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, are used to determine deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue recognition

Advertising income, net of trade discounts, is recognised when the newspapers and periodicals are published.

Revenue from the circulation and subscription sales of newspapers, periodicals and books, net of trade discounts and returns, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery. Unearned subscription fees received from subscribers are recorded as subscriptions received in advance under trade and other payables in the balance sheet.

Revenue from packaged tour operations is recognised upon the departure of tours. Revenue from the provision of other travel related services is recognised upon the delivery of services.

Travel agency commission income earned from the provision of travel agency services is recognised in accordance with the respective agency agreements, which generally coincides with the time when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Management fee income is recognised on an accrual basis.

Operating lease rental income is recognised in equal instalments over the periods covered by the lease term.

Dividend income is recognised when the right to receive payment is established.

(n) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Unallocated expenses represent corporate expenses. Segment assets consist primarily of property, plant and equipment, defined benefit plan's assets, inventories, receivables and operating cash, and exclude financial assets at fair value through profit or loss, income tax recoverable and corporate assets. Segment liabilities comprise operating liabilities and exclude items such as income tax liabilities and certain corporate borrowings. Capital expenditure comprises additions of property, plant and equipment.

In respect of geographical segment reporting, revenues and results are based on the location in which the customer is located. Total assets and capital expenditure are based on where the assets are located.

3 FINANCIAL RISK MANAGEMENT

The Group's exposure to interest rate, credit and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Interest rate risk

The Group's cash balances are exposed to the risk arising from changing interest rates. The Group manages this risk by placing deposits at various maturities and interest rate terms.

The Group's bank loans and obligations under finance leases have exposure to risk arising from changing interest rates. The Group manages this risk by arranging various maturity periods and terms for its loans and obligations under finance leases.

(b) Credit risk

The Group manages its credit risk associated with trade receivables through the application of ongoing credit evaluations and monitoring procedures.

(c) Currency risk

The Group's revenues and costs are mainly denominated in Hong Kong dollars, Canadian dollars, US dollars and Renminbi ("RMB"). Since Hong Kong dollars is pegged to the US dollars and the RMB is pegged to a basket of foreign currencies, the Group does not foresee any substantial exposure to US dollars and RMB in this regard.

The Group's entities in Canada are not exposed to material foreign currency risks as all their major transactions and costs are denominated in Canadian dollars, the functional currency in which these entities operate.

4 CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The Group makes estimates and judgements concerning the future based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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.

(a) Provision for impairment of receivables

The Group makes provision for impairment of receivables based on assessment of the recoverability of trade and other receivables. Provisions are made for any specific trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of such balances requires the use of judgement and estimates.

(b) Defined benefit plan's assets

Determination of the carrying amount of defined benefit plan's assets requires actuarial assumptions made in respect of discount rate, rate of return on plan assets and rate of future salary increase. Changes to these assumptions could have a significant risk of causing a material adjustment to the carrying amount in the balance sheet.

(c) Provision for long service payments

The provision is based on the best estimation of the probable future payments that have been earned by the employees from their services to the Group at the balance sheet date. Actuarial assumptions made in respect of discount rate, rate of return on plan assets and rate of future salary increase also determine the carrying amount of the provision for long service payments. Changes to these assumptions could have a significant risk of causing a material adjustment to the carrying amount in the balance sheet.

4 CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(d) Fair value of intangible assets

The fair value of intangible assets that are not traded in an active market is determined by independent valuation. The Group adopted the fair value provided by an independent valuation consultant as its best estimate of the fair value.

5 TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the publication of Chinese newspapers, periodicals and books, provision of travel and travel related services. Revenues recognised during the year are as follows:

	Group	
		As restated
	2006	2005
	HK$'000	HK$'000
Turnover		
Advertising income, net of trade discounts	**640,309**	585,989
Sales of newspapers, periodicals and books, net of trade discounts and returns	**188,467**	192,597
Travel and travel related services income	**416,724**	387,100
Travel agency commission income	**3,123**	2,993
	1,248,623	1,168,679
Other gains		
Interest income	**8,640**	2,949
Rental and management fee income	**558**	831
Dividend income	**75**	42
Deemed gain on disposal of partial interests in subsidiaries *(note (a))*	**33,102**	2,054
Gain on disposal of partial interests in subsidiaries *(note (b))*	**27,854**	–
Others	**–**	2,948
	70,229	8,824
Total revenues	**1,318,852**	1,177,503

Notes:

(a) On 18th October 2005, the shares of One Media Group Limited, a subsidiary of the Group, were listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited by the issuance of new ordinary shares. As a result, a gain on deemed disposal of partial interests in subsidiaries amounting to HK$33,102,000 was recognised by the Group.

(b) In March 2004, the Group and Redgate Media Inc. ("Redgate") entered into an agreement ("Redgate Agreement") such that 40% of the equity interest in Winmax Resources Limited ("Winmax"), a subsidiary of the Group that operates the Group's lifestyle magazine business, was transferred to Redgate. In return, Redgate transferred its 100% equity interest in Media2U Group together with a cash consideration of HK$8,921,000 to the Group. Details of the transaction were disclosed in the Company's announcement dated 9th March 2004. One of the conditions in the Redgate Agreement provided that if Media2U Group could not achieve an agreed pre-tax profit target for the two financial years commencing from 1st April 2004 to 31st March 2006 ("Pre-tax Profit") as prescribed therein, Redgate would at its discretion either pay to the Group a pre-determined cash amount or reduce its shareholding in Winmax. As Media2U Group did not achieve the Pre-tax Profit, a gain on disposal of partial interests in subsidiaries of HK$27,854,000 was recorded in the Group's consolidated income statement for the current year to reflect the probable adjustment to the value of consideration received on disposal of partial interests in Winmax in accordance with the Redgate Agreement.

5 TURNOVER AND SEGMENT INFORMATION (Continued)

An analysis of the Group's turnover and results for the year is as follows:

Primary reporting format – business segments:

	Publishing 2006 HK$'000	Travel and travel related services 2006 HK$'000	Elimination 2006 HK$'000	Group 2006 HK$'000
Turnover	828,776	419,847	–	1,248,623
Segment results	15,418	1,994	–	17,412
Interest income				8,640
Other gains				60,956
Net unallocated expenses				(1,366)
Operating profit				85,642
Finance costs				(3,209)
Share of losses of associated companies				(2,909)
Profit before income tax				79,524
Income tax expense				(7,529)
Profit for the year				71,995
Segment assets	849,663	34,862	(33,102)	851,423
Unallocated assets				125,494
Total assets				976,917
Segment liabilities	(218,470)	(42,339)	33,102	(227,707)
Unallocated liabilities				(33,650)
Total liabilities				(261,357)
Capital expenditure on property, plant and equipment	11,053	760	–	11,813
Capital expenditure on intangible assets	67,631	–	–	67,631
Depreciation	24,961	789	–	25,750
Amortisation of leasehold land and land use rights	2,712	–	–	2,712
Amortisation of intangible assets	526	–	–	526
Net other non-cash expenses	5,767	(109)	–	5,658

5 TURNOVER AND SEGMENT INFORMATION (Continued)

Primary reporting format – business segments: (Continued)

	As restated Publishing 2005 HK$'000	Travel and travel related services 2005 HK$'000	Elimination 2005 HK$'000	As restated Group 2005 HK$'000
Turnover	778,586	390,093	–	1,168,679
Segment results	73,794	1,359	–	75,153
Interest income				2,949
Other gains				2,054
Net unallocated expenses				(1,205)
Operating profit				78,951
Finance costs				(2,325)
Share of losses of associated companies				(3,677)
Profit before income tax				72,949
Income tax expense				(21,776)
Profit for the year				51,173
Segment assets	647,440	42,168	(28,768)	660,840
Interests in associated companies	22,210	–	–	22,210
Unallocated assets				89,428
Total assets				772,478
Segment liabilities	(142,715)	(43,334)	28,768	(157,281)
Unallocated liabilities				(46,092)
Total liabilities				(203,373)
Capital expenditure on property, plant and equipment	15,411	592	–	16,003
Depreciation	25,352	794	–	26,146
Amortisation of leasehold land and land use rights	2,712	–	–	2,712
Amortisation of goodwill	137	–	–	137
Net other non-cash expenses	1,573	123	–	1,696

5 TURNOVER AND SEGMENT INFORMATION (Continued)

Secondary reporting format – geographical segments:

	Hong Kong 2006 HK$'000	North America 2006 HK$'000	Mainland China 2006 HK$'000	Elimination 2006 HK$'000	Group 2006 HK$'000
Turnover	**754,909**	**459,484**	**34,230**	**–**	**1,248,623**
Segment results	**72,904**	**(29,727)**	**(17,549)**	**–**	**25,628**
Interest income					**8,640**
Other gains					**60,956**
Net unallocated expenses					**(9,582)**
Operating profit					**85,642**
Segment assets	**856,317**	**134,068**	**194,005**	**(332,967)**	**851,423**
Unallocated assets					**125,494**
Total assets					**976,917**
Segment liabilities	**(146,114)**	**(294,854)**	**(119,706)**	**332,967**	**(227,707)**
Unallocated liabilities					**(33,650)**
Total liabilities					**(261,357)**
Capital expenditure on property, plant and equipment	**7,144**	**2,268**	**2,401**	**–**	**11,813**
Capital expenditure on intangible assets	**67,631**	**–**	**–**	**–**	**67,631**

	As restated Hong Kong 2005 HK$'000	North America 2005 HK$'000	As restated Mainland China 2005 HK$'000	Elimination 2005 HK$'000	As restated Group 2005 HK$'000
Turnover	737,114	397,820	33,745	–	1,168,679
Segment results	108,255	(24,074)	(3,299)	–	80,882
Interest income					2,949
Other gains					2,054
Net unallocated expenses					(6,934)
Operating profit					78,951
Segment assets	763,340	132,342	80,355	(315,197)	660,840
Interests in associated companies					22,210
Unallocated assets					89,428
Total assets					772,478
Segment liabilities	(96,110)	(271,455)	(104,913)	315,197	(157,281)
Unallocated liabilities					(46,092)
Total liabilities					(203,373)
Capital expenditure on property, plant and equipment	6,086	9,057	860	–	16,003

6 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Group	
		As restated
	2006	2005
	HK$'000	HK$'000
Crediting		
Net exchange gain	**1,818**	953
Fair value gains on financial assets at fair value through profit or loss	**137**	–
Unrealised gain on trading securities	**–**	149
Gain on disposals of property, plant and equipment	**–**	29
Write-back of over-provision for inventory obsolescence	**–**	164
Charging		
Auditors' remuneration		
Current year	**3,149**	2,094
(Over)/under provision in prior years	**(41)**	228
Cost of inventories sold	**220,294**	180,552
Depreciation		
Owned property, plant and equipment	**23,945**	24,581
Leased property, plant and equipment	**1,805**	1,565
Amortisation of leasehold land and land use rights	**2,712**	2,712
Amortisation of goodwill	**–**	137
Amortisation of intangible assets	**526**	–
Employee benefit expense (including directors' emoluments) *(note 12)*	**359,991**	322,699
Operating lease expenses		
Land and buildings	**12,218**	8,569
Machineries	**171**	143
Provision for impairment of receivables	**4,872**	1,860
Provision for inventory obsolescence	**786**	–
Loss on disposals of property, plant and equipment	**76**	–

7 FINANCE COSTS

	Group	
	2006	2005
	HK$'000	HK$'000
Interest on bank loans and overdrafts	**2,728**	1,695
Interest element of finance lease payments	**481**	630
	3,209	2,325

8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profit 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.

	Group	
		As restated
	2006	2005
	HK$'000	HK$'000
Hong Kong profits tax		
Current year	**8,975**	16,879
(Over)/under provision in prior years	**(337)**	9
Overseas taxation		
Current year	**3,001**	4,527
Over provision in prior years	**(334)**	(445)
Deferred income tax (credit)/charge *(note 32)*	**(3,776)**	806
	7,529	21,776

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rates of the countries in which the Group operates as follows:

	Group	
		As restated
	2006	2005
	HK$'000	HK$'000
Profit before income tax	**79,524**	72,949
Notional tax calculated at the taxation rates applicable in the countries concerned	**8,103**	7,364
Income not subject to tax	**(14,376)**	(4,960)
Expenses not deductible for tax purposes	**3,854**	3,867
Utilisation of previously unrecogised tax losses	**(1,280)**	(1,463)
Recognition of deferred income tax assets arising from previously unrecognised tax losses	**(4,291)**	–
Temporary differences not recognised	**606**	1,513
Tax losses for which no deferred income tax asset was recognised	**15,644**	15,891
Over provision in prior years	**(671)**	(436)
Others	**(60)**	–
Tax expense	**7,529**	21,776

9 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$79,133,000 (2005: HK$6,358,000).

10 DIVIDENDS

	Group and Company	
	2006	2005
	HK$'000	HK$'000
Interim, paid, of HK3 cents (2005: HK3 cents) per ordinary share	**11,805**	11,858
Final, proposed, of HK4 cents (2005: HK4 cents, paid) per ordinary share *(notes (a) & (b))*	**16,206**	15,761
	28,011	27,619

Notes:

(a) The board of directors has resolved to recommend a final dividend of HK4 cents (2005: HK4 cents) per ordinary share for the year ended 31st March 2006. Upon approval by the shareholders, the final dividend will be paid on 20th September 2006 to shareholders whose names appear on the register of members of the Company on 8th September 2006. These financial statements do not reflect this dividend payable.

(b) The actual 2005 final dividend paid during the year ended 31st March 2006 was different from the proposed 2005 final dividend as disclosed in the 2005 Annual Report as 413,000 ordinary shares were repurchased by the Company between the financial statements approval date and the ex-dividend date.

11 EARNINGS PER SHARE

(i) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group and Company	
		As restated
	2006	2005
Profit attributable to equity holders of the Company (HK$'000)	**68,514**	43,340
Weighted average number of ordinary shares in issue	**393,864,156**	395,924,441
Basic earnings per share (HK cents)	**17**	11

(ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares, which is the share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Group and Company	
		As restated
	2006	2005
Profit attributable to equity holders of the Company used to determine diluted earnings per share (HK$'000)	**68,514**	43,340
Weighted average number of ordinary shares in issue	**393,864,156**	395,924,441
Adjustment for share options	**127,086**	141,522
Weighted average number of ordinary shares for diluted earnings per share	**393,991,242**	396,065,963
Diluted earnings per share (HK cents)	**17**	11

12 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Group 2006 HK$'000	Group 2005 HK$'000
Wages and salaries	**323,358**	293,369
Unutilised annual leave	**1,298**	1,618
Share compensation costs on share options granted by a listed subsidiary	**794**	–
Pension costs – defined contribution plans	**7,072**	7,021
Pension costs – defined benefit plans *(note 19)*	**517**	685
Other staff costs	**26,952**	20,006
	359,991	322,699

13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Details of directors' emoluments for the year ended 31st March 2006 are set out below:

Name of Director	**Fees HK$'000**	**Salaries, allowances and benefits in kind HK$'000**	**Discretionary bonuses HK$'000**	**Employer's contributions to pension schemes HK$'000**	**Total HK$'000**
Executive directors					
Tan Sri Datuk TIONG Hiew King	–	–	–	–	–
Mr TIONG Kiu King	–	–	–	–	–
Dr TIONG Ik King	–	–	–	–	–
Mr TIONG Kiew Chiong	–	1,862	54	93	2,009
Independent non-executive directors					
Mr TANG Ying Yu	130	–	–	–	130
Mr David YU Hon To	160	–	–	–	160
Mr Victor YANG	140	–	–	–	140
Total	430	1,862	54	93	2,439

Details of directors' emoluments for the year ended 31st March 2005 are set out below:

Name of Director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Employer's contributions to pension schemes HK$'000	Total HK$'000
Executive directors					
Tan Sri Datuk TIONG Hiew King	–	–	–	–	–
Mr TIONG Kiu King	–	–	–	–	–
Dr TIONG Ik King	–	–	–	–	–
Mr TIONG Kiew Chiong	–	1,769	54	93	1,916
Independent non-executive directors					
Mr TANG Ying Yu	120	–	–	–	120
Mr David YU Hon To	120	–	–	–	120
Mr Victor YANG	63	–	–	–	63
Total	303	1,769	54	93	2,219

13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) No directors waived any emoluments and no emoluments were paid to the directors as an inducement fee to join or as compensation for loss of office during the years ended 31st March 2006 and 2005.

During the year, no option (2005: nil) was granted to the directors under the share option scheme of the Company approved by the shareholders at the Special General Meeting held on 21st August 2001.

As at 31st March 2006, no option was granted to the directors under the Post-IPO Scheme of OMG. During the year, 5,200,000 share options were conditionally granted to the directors of the Company under the Pre-IPO Scheme of OMG on 27th September 2005.

(b) The five highest paid individuals during the year include one executive director whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining four (2005: four) individuals during the year are as follows:

	Group	
	2006 HK$'000	2005 HK$'000
Basic salaries, other allowances and benefits in kind	**6,670**	6,047
Contributions to pension scheme	**208**	287
Share compensation costs on share options granted by a listed subsidiary	**100**	–
	6,978	6,334

The emoluments of the four individuals fell within the following bands:

	Number of individuals	
	2006 HK$'000	2005 HK$'000
From HK$1,000,001 to HK$1,500,000	**–**	2
From HK$1,500,001 to HK$2,000,000	**4**	2

14 PROPERTY, PLANT AND EQUIPMENT

	Group							
		Other properties						
	Freehold land and buildings outside Hong Kong	Buildings held on long term leases outside Hong Kong	Buildings held on medium term leases in Hong Kong	Buildings held on medium term leases outside Hong Kong	Leasehold improvements, furniture, fixtures and office equipment	Machinery and printing equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost or valuation								
At 1st April 2004, as previously reported	21,779	7,067	282,638	35,346	117,276	234,557	4,321	702,984
Transfer to leasehold land and land use rights *(note 15)*	–	(5,153)	(119,269)	(22,089)	–	–	–	(146,511)
Effect of adopting HKAS 17	–	135	(95,235)	(974)	–	–	–	(96,074)
At 1st April 2004, as restated	21,779	2,049	68,134	12,283	117,276	234,557	4,321	460,399
Additions	–	–	–	–	11,987	3,734	282	16,003
Acquisition of subsidiaries	–	–	–	–	242	–	–	242
Exchange adjustment	1,686	–	–	–	3,472	4,802	42	10,002
Disposals	–	–	–	–	(2,575)	(2,572)	(619)	(5,766)
At 31st March 2005, as restated	23,465	2,049	68,134	12,283	130,402	240,521	4,026	480,880
At 1st April 2005, as previously reported	**23,465**	**7,067**	**282,638**	**35,346**	**130,402**	**240,521**	**4,026**	**723,465**
Transfer to leasehold land and land use rights *(note 15)*	**–**	**(5,153)**	**(119,269)**	**(22,089)**	**–**	**–**	**–**	**(146,511)**
Effect of adopting HKAS 17	**–**	**135**	**(95,235)**	**(974)**	**–**	**–**	**–**	**(96,074)**
At 1st April 2005, as restated	**23,465**	**2,049**	**68,134**	**12,283**	**130,402**	**240,521**	**4,026**	**480,880**
Additions	**–**	**–**	**–**	**–**	**9,482**	**2,326**	**5**	**11,813**
Exchange adjustment	**749**	**–**	**–**	**–**	**1,653**	**3,100**	**31**	**5,533**
Disposals	**–**	**–**	**–**	**–**	**(2,612)**	**(623)**	**–**	**(3,235)**
At 31st March 2006	**24,214**	**2,049**	**68,134**	**12,283**	**138,925**	**245,324**	**4,062**	**494,991**

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group							
		Other properties						
	Freehold land and buildings outside Hong Kong	Buildings held on long term leases outside Hong Kong	Buildings held on medium term leases in Hong Kong	Buildings held on medium term leases outside Hong Kong	Leasehold improvements, furniture, fixtures and office equipment	Machinery and printing equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Accumulated depreciation								
At 1st April 2004, as previously reported	1,968	895	62,296	6,532	101,095	154,185	2,815	329,786
Transfer to leasehold land and land use rights *(note 15)*	–	(777)	(25,038)	(4,715)	–	–	–	(30,530)
Effect of adopting HKAS 17	–	141	(22,464)	446	–	–	–	(21,877)
At 31st March 2004, as restated	1,968	259	14,794	2,263	101,095	154,185	2,815	277,379
Charge for the year, as restated	247	30	1,887	267	9,481	13,717	517	26,146
Exchange adjustment	235	–	–	–	3,043	2,778	39	6,095
Disposals	–	–	–	–	(2,528)	(1,569)	(582)	(4,679)
At 31st March 2005, as restated	2,450	289	16,681	2,530	111,091	169,111	2,789	304,941
At 1st April 2005, as previously reported	**2,450**	**1,000**	**70,093**	**7,300**	**111,091**	**169,111**	**2,789**	**363,834**
Transfer to leasehold land and land use rights *(note 15)*	**–**	**(852)**	**(27,217)**	**(5,173)**	**–**	**–**	**–**	**(33,242)**
Effect of adopting HKAS 17	**–**	**141**	**(26,195)**	**403**	**–**	**–**	**–**	**(25,651)**
At 31st March 2005, as restated	**2,450**	**289**	**16,681**	**2,530**	**111,091**	**169,111**	**2,789**	**304,941**
Charge for the year	**262**	**31**	**1,888**	**266**	**9,440**	**13,399**	**464**	**25,750**
Exchange adjustment	**114**	**–**	**–**	**–**	**1,459**	**2,024**	**24**	**3,621**
Disposals	**–**	**–**	**–**	**–**	**(2,539)**	**(613)**	**–**	**(3,152)**
At 31st March 2006	**2,826**	**320**	**18,569**	**2,796**	**119,451**	**183,921**	**3,277**	**331,160**
Net book value								
At 31st March 2006	**21,388**	**1,729**	**49,565**	**9,487**	**19,474**	**61,403**	**785**	**163,831**
At 31st March 2005, as restated	21,015	1,760	51,453	9,753	19,311	71,410	1,237	175,939

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group							
		Other properties						
	Freehold land and buildings outside Hong Kong	Buildings held on long term leases outside Hong Kong	Buildings held on medium term leases in Hong Kong	Buildings held on medium term leases outside Hong Kong	Leasehold improvements, furniture, fixtures and office equipment	Machinery and printing equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
The analysis of the cost or valuation at 31st March 2006 of the above assets is as follows:								
At cost	**6,206**	**–**	**971**	**–**	**138,925**	**245,324**	**4,062**	**395,488**
At professional valuation in 1995	**18,008**	**2,049**	**67,163**	**12,283**	**–**	**–**	**–**	**99,503**
At 31st March 2006	**24,214**	**2,049**	**68,134**	**12,283**	**138,925**	**245,324**	**4,062**	**494,991**
The analysis of the cost or valuation at 31st March 2005 of the above assets is as follows:								
At cost, as restated	5,457	–	971	–	130,402	240,521	4,026	381,377
At professional valuation in 1995, as restated	18,008	2,049	67,163	12,283	–	–	–	99,503
At 31st March 2005, as restated	23,465	2,049	68,134	12,283	130,402	240,521	4,026	480,880

(a) The freehold land and buildings stated at professional valuation in 1995 were revalued by Vigers Hong Kong Limited and Royal LePage Appraisal & Consulting Services, independent international property consultants, on an open market value basis at 30th September 1995.

(b) The carrying values of machines purchased under finance leases are HK$13,152,000 (2005: HK$15,132,000).

(c) The carrying amounts of other properties would have been HK$47,137,000 (2005: HK$48,880,000, as restated) had they been stated at cost less accumulated depreciation.

(d) Certain property, plant and equipment were pledged as securities for the Group's banking facilities. The details are set out in note 31 to the financial statements.

15 LEASEHOLD LAND AND LAND USE RIGHTS

	Group	
		As restated
	2006	2005
	HK$'000	HK$'000
Cost		
At 1st April		
As previously reported	**–**	–
Prior period adjustment arising from adoption of new accounting standard for lease *(note 14)*	**146,511**	146,511
At 31st March	**146,511**	146,511
Accumulated amortisation		
At 1st April		
As previously reported	**–**	–
Prior period adjustment arising from adoption of new accounting standard for lease *(note 14)*	**33,242**	30,530
At 1st April	**33,242**	30,530
Charge for the year *(note 6)*	**2,712**	2,712
At 31st March	**35,954**	33,242
Net book value		
At 31st March	**110,557**	113,269

(a) The net book value of the Group's interests in leasehold land and land use rights is analysed as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
In Hong Kong, held on:		
Leases of between 10 to 50 years	**89,873**	92,052
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**16,458**	16,916
Leases of over 50 years	**4,226**	4,301
	110,557	113,269

(b) Certain leasehold land and land use rights were pledged as securities for the Group's banking facilities. The details are set out in note 31 to the financial statements.

16 INTANGIBLE ASSETS

	Goodwill HK$'000	Archives, masthead and publishing right HK$'000	Total HK$'000
At 1st April 2004			
Cost and net book amount	–	–	–
Year ended 31st March 2005			
Opening net book amount	–	–	–
Acquisition of subsidiaries	2,165	–	2,165
Amortisation and impairment *(note (a))*	(137)	–	(137)
Closing net book amount	2,028	–	2,028
At 31st March 2005			
Cost	2,165	–	2,165
Adjustment to eliminate accumulated amortisation and impairment against cost	(137)	–	(137)
	2,028	–	2,028
Accumulated amortisation and impairment	137	–	137
Adjustment to eliminate accumulated amortisation and impairment against cost	(137)	–	(137)
	–	–	–
Net book amount	2,028	–	2,028
Year ended 31st March 2006			
Opening net book amount	**2,028**	**–**	**2,028**
Acquisition of subsidiaries *(notes (b), (c) & 34)*	**25,656**	**41,975**	**67,631**
Amortisation expense *(note (a))*	**–**	**(526)**	**(526)**
Closing net book amount	**27,684**	**41,449**	**69,133**
At 31st March 2006			
Cost	**27,684**	**41,975**	**69,659**
Accumulated amortisation and impairment	**–**	**(526)**	**(526)**
Net book amount	**27,684**	**41,449**	**69,133**

Notes:

(a) Amortisation of HK$526,000 (2005: HK$137,000) is included in other operating expenses in the consolidated income statement.

(b) On 20th March 2006, Skyland International Investment Limited ("Skyland"), an indirect non-wholly-owned subsidiary of the Company, entered into a sale and purchase agreement relating to the acquisition of 50% issued share capital of Yazhou Zhoukan Holdings Limited ("YZH") from Energetic Assets Limited, a wholly-owned subsidiary of TOM Group Limited at a consideration of HK$16,200,000. YZH's wholly-owned subsidiary, Yazhou Zhoukan Limited, is principally engaged in the operation of the magazine "Yazhou Zhoukan" with distribution network in all major cities in the Southeast Asia region.

(c) The acquisition has been accounted for using the purchase method of accounting. An amount of HK$25,656,000, which represented the excess of the acquisition cost over the fair value of identifiable assets acquired and liabilities assumed, was recorded as goodwill. YZH has become a wholly-owned subsidiary and its results have been consolidated into the Group's financial statements effective from 1st January 2006.

The fair value of intangible assets arising from the acquisition, amounting to HK$41,975,000, was based on valuation by RHL Appraisal Ltd., an independent valuation consultant.

17 INTERESTS IN SUBSIDIARIES

	Company	
	2006	2005
	HK$'000	HK$'000
Unlisted shares, at cost	**745,171**	745,171
Less: provision for impairment	**(280,700)**	(280,700)
	464,471	464,471
Amounts due from subsidiaries *(note)*		
Interest-free	**16,199**	459,360
Interest-bearing	**608,440**	118,626
	1,089,110	1,042,457

Note: The amounts due from subsidiaries are unsecured and repayable on demand.

Details of the Company's principal subsidiaries are set out in note 38 to the financial statements.

18 INTERESTS IN ASSOCIATED COMPANIES

	Group	
	2006	2005
	HK$'000	HK$'000
Share of net liabilities other than goodwill *(note (b))*	–	(22,519)
Amounts due from associated companies *(note (c))*	–	44,729
	–	22,210

Notes:

(a) On 20th March 2006, Skyland entered into a sale and purchase agreement relating to the acquisition of 50% issued share capital of YZH from Energetic Assets Limited, a wholly-owned subsidiary of TOM Group Limited, details of which are set out in note 16 to the financial statements.

(b) The following is a list of the Group's associated companies at 31st March 2005:

Name	Place of incorporation and operation	Effective equity interest %	Particulars of issued share capital/ registered capital	Principal activities
Yazhou Zhoukan Holdings Limited	British Virgin Islands	49.72	10,000 ordinary shares of HK$1 each	Investment holding
Yazhou Zhoukan Limited	Hong Kong	49.72	9,500 ordinary shares of HK$1 each	Magazine publishing
亞週股份有限公司	Taiwan	49.72	500,000 ordinary shares of NT$10 each	Magazine distributing

(c) The amounts due from associated companies were unsecured, not repayable within the next twelve months and interest-bearing, except for an amount of HK$4,500,000 which was interest-free.

19 DEFINED BENEFIT PLAN'S ASSETS

The Group operates a number of staff retirement schemes which include a hybrid retirement benefit scheme (the "Scheme") for its employees in Hong Kong.

(a) The Scheme has three categories of members: Regular Member, Special Member and Defined Benefit ("DB") Member.

Regular Member – defined contribution type of benefits based on accumulated contributions and investment gains and losses thereon.

Special Member – benefits based on final salary and service period or accumulated employer's contributions with credited investment gains and losses, whichever is higher.

DB Member – benefits based on final salary and service period only.

Members are also required to contribute monthly at 5% of their basic monthly salaries to the Scheme. The accumulated members' contributions with investment gains and losses will be paid to the members upon their leaving the employment in addition to the benefits described above.

(b) Defined benefit schemes for Special Member and DB Member

Pension costs are assessed using the projected unit credit method. The pension costs are charged to the income statement so as to spread the regular costs over the service lives of employees. A full valuation of the defined benefit scheme based on the projected unit credit method has been carried out by Watson Wyatt Hong Kong Limited, an independent qualified actuary, and the pension costs are charged to the income statement in accordance with its advice.

	Group	
	2006 **HK$'000**	2005 HK$'000
Defined benefit plan's assets	**15,104**	14,687

The amounts recognised in the balance sheet are determined as follows:

	Group	
	2006 **HK$'000**	2005 HK$'000
Fair value of plan assets	**40,820**	36,345
Present value of funded obligations	**(30,028)**	(28,053)
	10,792	8,292
Unrecognised actuarial losses	**4,312**	6,395
Assets in the balance sheet	**15,104**	14,687

19 DEFINED BENEFIT PLAN'S ASSETS (Continued)

(b) Defined benefit schemes for Special Member and DB Member (Continued)

The limit of net asset to be recognised is disclosed as follows:

	Group 2006 HK$'000	2005 HK$'000
Cumulative unrecognised net actuarial losses and past service cost	**4,312**	6,395
Present value of available future refunds or reductions in future contributions	**10,792**	8,292
	15,104	14,687

The amounts recognised in the income statement are as follows:

	Group 2006 HK$'000	2005 HK$'000
Current service cost	**(1,729)**	(1,776)
Interest cost	**(1,110)**	(997)
Expected return on plan assets	**2,558**	2,340
Net actuarial losses recognised in the year	**(236)**	(252)
Total pension costs, included in employee benefit expense *(note 12)*	**(517)**	(685)

The actual return on plan assets recognised as an asset was HK$5,457,000 (2005: HK$3,094,000).

Movements in the assets recognised in the balance sheet:

	Group 2006 HK$'000	2005 HK$'000
At 1st April	**14,687**	14,377
Total pension costs – as shown above	**(517)**	(685)
Contributions paid	**934**	995
At 31st March	**15,104**	14,687

The principal actuarial assumptions used were as follows:

	Group 2006 %	2005 %
Discount rate	**4.5**	4.0
Expected rate of return on plan assets	**7.0**	7.0
Expected rate of future salary increases		
2005 to 2007	**1.5**	1.5
2008 and onwards	**4.0**	4.0

20 INVENTORIES

	Group 2006 HK$'000	Group 2005 HK$'000
Raw materials	**48,424**	46,917
Finished goods	**4,700**	4,126
	53,124	51,043

The cost of inventories recognised as expenses and included in cost of goods sold amounted to HK$220,294,000 (2005: HK$180,552,000).

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company 2006 HK$'000
Listed equity securities in Hong Kong, at market value	**2,085**

22 TRADING SECURITIES

	Group and Company 2005 HK$'000
Listed equity securities in Hong Kong, at market value	1,948

23 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Trade receivables	**183,332**	166,137	**–**	–
Less: provision for impairment of receivables	**(9,897)**	(4,795)	**–**	–
Trade receivables, net *(note)*	**173,435**	161,342	**–**	–
Deposits and prepayments	**37,495**	38,211	**388**	215
Other receivables	**27,854**	–	**–**	–
	238,784	199,553	**388**	215

The carrying amounts of trade and other receivables approximate their fair value.

23 TRADE AND OTHER RECEIVABLES (Continued)

Note: The Group allows in general a credit period ranging from 7 days to 90 days and 30 days to 180 days to its trade customers in Hong Kong and Mainland China respectively. At 31st March 2006, the ageing analysis of the Group's trade receivables is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
0 to 60 days	**106,057**	96,999
61 to 120 days	**44,164**	44,124
121 to 180 days	**15,895**	16,093
Over 180 days	**7,319**	4,126
	173,435	161,342

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

The Group has recognised a loss of HK$4,872,000 (2005: HK$1,860,000) for the impairment of its trade receivables during the year ended 31st March 2006. The loss has been included in selling and distribution expenses in the income statement.

24 BANK BALANCES AND CASH

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**37,972**	38,170	**1,996**	682
Short-term bank deposits	**270,961**	151,988	**105,651**	80,235
	308,933	190,158	**107,647**	80,917

The effective interest rate on short-term bank deposits was 3.39% (2005: 0.99%) per annum; these deposits have an average maturity of 42 days (2005: 85 days).

Included in the bank balances and cash of the Group are cash and bank deposits denominated in Renminbi placed with banks in Mainland China amounting to HK$11,547,000 (2005: HK$8,507,000).

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables *(note)*	**66,577**	50,140	**–**	–
Accrued charges	**69,074**	49,219	**2,045**	695
Subscriptions received in advance	**47,779**	18,845	**–**	–
	183,430	118,204	**2,045**	695

The carrying amounts of trade and other payables approximate their fair value.

25 TRADE AND OTHER PAYABLES (Continued)

Note: At 31st March 2006, the ageing analysis of the Group's trade payables is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
0 to 60 days	**57,114**	46,465
61 to 120 days	**6,050**	2,648
121 to 180 days	**2,985**	852
Over 180 days	**428**	175
	66,577	50,140

26 SHARE CAPITAL

	Group and Company Authorised share capital Ordinary shares of HK$0.10 each	
	Number of shares	HK$'000
At 31st March 2005 and 2006	500,000,000	50,000

	Issued and fully paid ordinary shares of HK$0.10 each			
	2006		2005	
	Number of shares	**HK$'000**	Number of shares	HK$'000
At 1st April	**394,431,000**	**39,442**	397,355,000	39,735
Repurchase of ordinary shares *(note (a))*	**(1,201,000)**	**(120)**	(2,924,000)	(293)
Issue of ordinary shares *(note (b))*	**12,000,000**	**1,200**	–	–
At 31st March	**405,230,000**	**40,522**	394,431,000	39,442

Notes:

(a) During the year, the Company repurchased a total of 1,201,000 of its listed shares on the Stock Exchange for the purpose of enhancing the net asset value per share of the Company. Details of the repurchases are summarised as follows:

Month/Year	Number of shares repurchased	Purchase price per share Highest	Lowest	Aggregate purchase consideration
		HK$	HK$	HK$
July 2005	413,000	1.75	1.60	699,433
August 2005	153,000	1.62	1.58	243,750
September 2005	40,000	1.59	1.57	62,912
October 2005	330,000	1.50	1.40	478,480
January 2006	177,000	1.40	1.33	240,521
February 2006	30,000	1.40	1.38	41,480
March 2006	58,000	1.40	1.35	81,050
	1,201,000			1,847,626

All the repurchased shares were cancelled during the year. Accordingly, the issued share capital of the Company was reduced by the par value of the repurchased shares and the premiums paid on these shares were charged against the share premium account. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained profits to the capital redemption reserve.

(b) 12,000,000 ordinary shares of the Company were issued as consideration for the acquisition of YZH by Skyland. Details of which are set out in note 16 to the financial statements.

27 RESERVES

	Group							
	Share premium HK$'000	Property revaluation reserve HK$'000	Capital redemption reserve HK$'000	Exchange fluctuation reserve HK$'000	Difference arising on consolidation HK$'000	Reserve arising on consolidation HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1st April 2004, as previously reported	596,410	119,297	356	1,167	(22,400)	3,582	(137,015)	561,397
Effect of adopting HKAS 17	–	(103,663)	–	–	–	–	29,466	(74,197)
Effect of adopting HKAS 17 on deferred income tax	–	17,948	–	–	–	–	(3,677)	14,271
At 1st April 2004, as restated	596,410	33,582	356	1,167	(22,400)	3,582	(111,226)	501,471
Profit for the year, as restated	–	–	–	–	–	–	43,340	43,340
Goodwill written off due to disposal of partial interests in subsidiaries	–	–	–	–	–	1,973	–	1,973
Repurchase of ordinary shares	(3,943)	–	293	–	–	–	(293)	(3,943)
Exchange adjustment	–	–	–	2,185	–	–	–	2,185
2004 final dividend paid *(note 10)*	–	–	–	–	–	–	(11,868)	(11,868)
2004 special dividend paid *(note 10)*	–	–	–	–	–	–	(3,955)	(3,955)
2005 interim dividend paid *(note 10)*	–	–	–	–	–	–	(11,858)	(11,858)
At 31st March 2005, as restated	592,467	33,582	649	3,352	(22,400)	5,555	(95,860)	517,345
Representing:								
2005 final dividend paid *(note 10)*							15,761	
Others							(111,621)	
Accumulated losses at 31st March 2005, as restated							(95,860)	
Company and subsidiaries	592,467	33,582	649	3,352	(22,400)	5,555	(73,336)	539,869
Associated companies	–	–	–	–	–	–	(22,524)	(22,524)
At 31st March 2005, as restated	592,467	33,582	649	3,352	(22,400)	5,555	(95,860)	517,345

27 RESERVES (Continued)

	Group									
	Share premium HK$'000	**Property revaluation reserve** HK$'000	**Capital redemption reserve** HK$'000	**Exchange fluctuation reserve** HK$'000	**Employee share-based compensation reserve** HK$'000	**Asset revaluation surplus** HK$'000	**Difference arising on consolidation** HK$'000	**Reserve arising on consolidation** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1st April 2005, as previously reported	**592,467**	**119,297**	**649**	**3,352**	**–**	**–**	**(22,400)**	**5,555**	**(124,799)**	**574,121**
Effect of adopting HKAS 17	**–**	**(103,663)**	**–**	**–**	**–**	**–**	**–**	**–**	**33,240**	**(70,423)**
Effect of adopting HKAS 17 on deferred income tax	**–**	**17,948**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,301)**	**13,647**
At 1st April 2005, as restated	**592,467**	**33,582**	**649**	**3,352**	**–**	**–**	**(22,400)**	**5,555**	**(95,860)**	**517,345**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**68,514**	**68,514**
Repurchase of ordinary shares *(note 26(a))*	**(1,728)**	**–**	**120**	**–**	**–**	**–**	**–**	**–**	**(120)**	**(1,728)**
Issue of ordinary shares *(note 26(b))*	**15,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**15,000**
Exchange adjustment	**–**	**–**	**–**	**305**	**–**	**–**	**–**	**–**	**–**	**305**
Share compensation costs on share options granted by a listed subsidiary	**–**	**–**	**–**	**–**	**794**	**–**	**–**	**–**	**–**	**794**
Asset revaluation surplus arising from acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**20,987**	**–**	**–**	**–**	**20,987**
2005 final dividend paid *(note 10)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(15,761)**	**(15,761)**
2006 interim dividend paid *(note 10)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11,805)**	**(11,805)**
At 31st March 2006	**605,739**	**33,582**	**769**	**3,657**	**794**	**20,987**	**(22,400)**	**5,555**	**(55,032)**	**593,651**
Representing:										
2006 final dividend proposed *(note 10)*									**16,206**	
Others									**(71,238)**	
Accumulated losses at 31st March 2006									**(55,032)**	
Company and subsidiaries	**605,739**	**33,582**	**769**	**3,657**	**794**	**20,987**	**(22,400)**	**5,555**	**(55,032)**	**593,651**
Associated companies	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31st March 2006	**605,739**	**33,582**	**769**	**3,657**	**794**	**20,987**	**(22,400)**	**5,555**	**(55,032)**	**593,651**

27 RESERVES (Continued)

	Company				
	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
At 1st April 2004	596,410	356	200,379	313,455	1,110,600
Repurchase of ordinary shares	(3,943)	293	–	(293)	(3,943)
Profit for the year	–	–	–	6,358	6,358
2004 final dividend paid *(note 10)*	–	–	–	(11,868)	(11,868)
2004 special dividend paid *(note 10)*	–	–	–	(3,955)	(3,955)
2005 interim dividend paid *(note 10)*	–	–	–	(11,858)	(11,858)
At 31st March 2005	592,467	649	200,379	291,839	1,085,334
Representing:					
2005 final dividend paid *(note 10)*				15,761	
Others				276,078	
Retained profits at 31st March 2005				291,839	
At 1st April 2005	**592,467**	**649**	**200,379**	**291,839**	**1,085,334**
Repurchase of ordinary shares *(note 26(a))*	**(1,728)**	**120**	**–**	**(120)**	**(1,728)**
Issue of ordinary shares *(note 26(b))*	**15,000**	**–**	**–**	**–**	**15,000**
Profit for the year	**–**	**–**	**–**	**79,133**	**79,133**
2005 final dividend paid *(note 10)*	**–**	**–**	**–**	**(15,761)**	**(15,761)**
2006 interim dividend paid *(note 10)*	**–**	**–**	**–**	**(11,805)**	**(11,805)**
At 31st March 2006	**605,739**	**769**	**200,379**	**343,286**	**1,150,173**
Representing:					
2006 final dividend proposed *(note 10)*				**16,206**	
Others				**327,080**	
Retained profits at 31st March 2006				**343,286**	

The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired, and represented the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the equity holders of the Company. At Group's level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.

28 SHORT-TERM BANK LOANS

	Group	
	2006 HK$'000	2005 HK$'000
Trust receipt loans		
Secured	**18,626**	22,081
Unsecured	**338**	–
	18,964	22,081

Trust receipt loans have a term of up to 120 days. The effective interest rate on trust receipt loans was 5.79% (2005: 3.46%) per annum.

29 LONG-TERM LIABILITIES

	Group 2006 HK$'000	2005 HK$'000
Bank loans, secured *(note (a))*	**9,018**	10,693
Obligations under finance leases *(note (b))*	**8,681**	12,510
Provision for long service payments *(note (c))*	**5,454**	5,188
	23,153	28,391
Current portion of long-term liabilities	**(5,227)**	(5,943)
	17,926	22,448

Notes:

(a) At 31st March 2006, the Group's secured bank loans were repayable as follows:

	Group 2006 HK$'000	2005 HK$'000
Bank loans, secured		
Within one year	**1,910**	1,829
In the second year	**1,975**	1,890
In the third to fifth year	**3,699**	5,048
After the fifth year	**1,434**	1,926
	9,018	10,693

The carrying amounts of bank loans were denominated in the following currencies:

	Group 2006 HK$'000	2005 HK$'000
US dollars	**4,762**	6,047
Canadian dollars	**4,256**	4,646
	9,018	10,693

The effective interest rates on bank loans ranged from 4.80% to 5.75% per annum during the year ended 31st March 2006 (2005: from 4.50% to 5.27%).

The Group has the following bank loans:

	Group 2006 HK$'000	2005 HK$'000
Floating rate		
Within one year	**565**	544
In the second year	**565**	544
In the third to fifth year	**1,693**	1,632
After the fifth year	**1,434**	1,926
Fixed rate		
Within one year	**1,345**	1,285
In the second year	**1,410**	1,346
In the third to fifth year	**2,006**	3,416
	9,018	10,693

29 LONG-TERM LIABILITIES (Continued)

Notes: (Continued)

(b) At 31st March 2006, the Group's finance lease liabilities were repayable as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Finance lease liabilities minimum lease payments		
Within one year	**3,656**	4,657
In the second year	**2,813**	3,541
In the third to fifth year	**2,822**	5,446
	9,291	13,644
Future finance charges on finance leases	**(610)**	(1,134)
Present value of finance lease liabilities	**8,681**	12,510

The present value of finance lease liabilities was repayable as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Within one year	**3,317**	4,114
In the second year	**2,622**	3,211
In the third to fifth year	**2,742**	5,185
	8,681	12,510

The carrying amounts of finance lease liabilities were denominated in the following currencies:

	Group	
	2006	2005
	HK$'000	HK$'000
US dollars	**764**	1,111
Canadian dollars	**7,917**	11,399
	8,681	12,510

The effective interest rates on finance lease liabilities ranged from 5.75% to 9.43% per annum during the year ended 31st March 2006 (2005: from 4.50% to 9.43%).

29 LONG-TERM LIABILITIES (Continued)

Notes: (Continued)

(b) At 31st March 2006, the Group's finance lease liabilities were repayable as follows: (Continued)

The Group has the following finance lease liabilities:

	Group	
	2006	2005
	HK$'000	HK$'000
Floating rate		
Within one year	**2,935**	3,767
In the second year	**2,240**	2,829
In the third to fifth year	**2,742**	4,803
Fixed rate		
Within one year	**382**	347
In the second year	**382**	382
In the third to fifth year	**–**	382
	8,681	12,510

(c) The provision for long service payments represents present value of the obligation under long service payments and respective actuarial gains. The movement during the year is the net-off of current service costs and interest on obligation against long service payments paid during the year. Current service costs and interest on obligation have been recognised during the year and included in other staff costs *(note 12)*.

The amounts recognised in the consolidated balance sheet are as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Present value of the obligation	**2,894**	3,645
Net unrecognised actuarial gains	**2,560**	1,543
Net liabilities	**5,454**	5,188

Movements in the provision for long service payments are as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
At 1st April	**5,188**	6,902
Charged/(credited) to the income statement	**431**	(1,447)
Contributions paid	**(165)**	(267)
At 31st March	**5,454**	5,188

The principal actuarial assumption used was as follows:

	Group	
	2006	2005
Average future working lifetime (in years)	**13**	13

30 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from operations

	Group	
		As restated
	2006	2005
	HK$'000	HK$'000
Operating profit	**85,642**	78,951
Fair value gains on financial assets at fair value through profit or loss	**(137)**	–
Unrealised gain on trading securities	**–**	(149)
Depreciation of property, plant and equipment	**25,750**	26,146
Amortisation of leasehold land and land use rights	**2,712**	2,712
Amortisation of goodwill	**–**	137
Amortisation of intangible assets	**526**	–
Dividend income	**(75)**	(42)
Interest income	**(8,640)**	(2,949)
Gain on disposal of partial interests in subsidiaries	**(27,854)**	–
Deemed gain on disposal of partial interests in subsidiaries	**(30,814)**	(2,054)
Loss/(gain) on disposals of property, plant and equipment	**76**	(29)
Share compensation costs on share options granted by a listed subsidiary	**794**	–
Increase in defined benefit plan's assets	**(417)**	(310)
Operating profit before working capital changes	**47,563**	102,413
(Increase)/decrease in inventories	**(1,860)**	2,008
Increase in trade and other receivables	**(2,381)**	(28,565)
Increase/(decrease) in provision for long service payments	**266**	(1,714)
Increase/(decrease) in trade and other payables	**25,709**	(10,823)
Cash generated from operations	**69,297**	63,319

30 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Acquisition of subsidiaries

	Group 2006 HK$'000	Group 2005 HK$'000
Property, plant and equipment	–	242
Goodwill	–	2,165
Archives, masthead and publishing right (included in intangible assets *(note 16)*)	**41,975**	–
Inventories	**221**	84
Trade and other receivables	**13,943**	2,894
Bank balances and cash	**8,344**	216
Trade and other payables	**(83,397)**	(3,029)
Income tax liabilities	–	(123)
Net cash consideration	–	4,399
Minority interests	**9,458**	(2,739)
Net (liabilities)/assets acquired	**(9,456)**	4,109

The subsidiaries acquired during the year utilised HK$8,508,000 (2005: HK$5,881,000) and HK$nil (2005: HK$535,000) for operating activities and investing activities respectively, and paid HK$nil (2005: HK$7,000) in respect of income tax of the Group.

An analysis of the net cash inflow in respect of the acquisition of subsidiaries is as follows:

	Group 2006 HK$'000	Group 2005 HK$'000
Net cash consideration	–	4,399
Bank balances and cash acquired	**8,344**	216
	8,344	4,615

(c) Analysis of changes in financing during the year

	Dividend payable		Short-term and long-term bank loans		Obligations under finance leases		Share capital and share premium	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
At 1st April	–	–	**32,774**	28,122	**12,510**	8,403	**631,909**	636,145
Exchange differences	–	–	**174**	437	**427**	676	–	–
Net cash (outflow)/inflow from financing	**(27,566)**	(27,681)	**(4,966)**	4,215	**(4,256)**	(3,751)	**(1,848)**	(4,236)
Issuance of ordinary shares *(note (d)(i))*	–	–	–	–	–	–	**16,200**	–
Inception of finance leases	–	–	–	–	–	7,182	–	–
Dividends	**27,566**	27,681	–	–	–	–	–	–
At 31st March	–	–	**27,982**	32,774	**8,681**	12,510	**646,261**	631,909

30 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(d) Major non-cash transactions

(i) During the year ended 31st March 2006, the Group issued 12,000,000 ordinary shares as consideration for the acquisition as discussed in note 34.

(ii) The Group has not entered into any finance lease arrangements in respect of the acquisition of assets for the year ended 31st March 2006 (2005: HK$7,182,000).

31 BANKING FACILITIES AND PLEDGE OF ASSETS

At 31st March 2006, the Group's banking facilities were secured by the following:

(a) certain machinery and printing equipment with net book value of HK$12,972,000 at 31st March 2006 (2005: HK$17,164,000);

(b) first legal charges on certain of the Group's freehold and leasehold land and buildings and land use rights with an aggregate carrying value of HK$188,159,000 at 31st March 2006 (2005: HK$190,562,000, as restated) and assignment of rental income derived therefrom;

(c) first legal charges on the Group's publishing titles;

(d) general security agreements under which all the assets of certain subsidiaries with net book value of HK$113,527,000 at 31st March 2006 (2005: HK$111,706,000) were pledged to certain banks, including HK$22,073,000 (2005: HK$19,716,000) attributable to freehold properties disclosed under note (b) above; and

(e) corporate guarantees issued by the Company.

32 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2005: 17.5%).

The movements in net deferred income tax liabilities/(assets) during the year are as follows:

	Group	
		As restated
	2006	2005
	HK$'000	HK$'000
At 1st April	**13,855**	13,049
Deferred income tax (credited)/charged to income statement *(note 8)*	**(3,776)**	806
At 31st March	**10,079**	13,855

32 DEFERRED INCOME TAX (Continued)

The components of deferred income tax liabilities/(assets) recognised in the consolidated balance sheet and the movements (prior to offsetting of the balances within the same tax jurisdiction) during the year are as follows:

	Accelerated tax depreciation	General provision on doubtful debts	Decelerated tax depreciation	Tax losses	Revaluation on other properties	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April 2004, as previously reported	34,605	(143)	(192)	(1,551)	(5,399)	27,320
Effect of adopting HKAS 17	(17,787)	–	–	–	3,516	(14,271)
At 1st April 2004, as restated	16,818	(143)	(192)	(1,551)	(1,883)	13,049
Charged/(credited) to income statement, as restated	345	110	31	448	(128)	806
At 31st March 2005, as restated	17,163	(33)	(161)	(1,103)	(2,011)	13,855
At 1st April 2005, as previously reported	**34,893**	**(33)**	**(180)**	**(1,103)**	**(6,075)**	**27,502**
Effect of adopting HKAS 17	**(17,730)**	**–**	**19**	**–**	**4,064**	**(13,647)**
At 1st April 2005, as restated	**17,163**	**(33)**	**(161)**	**(1,103)**	**(2,011)**	**13,855**
Charged/(credited) to income statement	**(258)**	**(206)**	**5**	**(3,188)**	**(129)**	**(3,776)**
At 31st March 2006	**16,905**	**(239)**	**(156)**	**(4,291)**	**(2,140)**	**10,079**

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of HK$283,850,000 (2005: HK$270,692,000) to carry forward against future taxable income.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off and that the deferred income taxes relate to the same tax jurisdiction. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet.

	Group	
		As restated
	2006	2005
	HK$'000	HK$'000
Deferred income tax assets:		
to be recovered within 12 months	**(3,521)**	(128)
to be recovered after more than 12 months	**(671)**	(621)
	(4,192)	(749)
Deferred income tax liabilities:		
to be recovered within 12 months	**878**	437
to be recovered after more than 12 months	**13,393**	14,167
	14,271	14,604

33 COMMITMENT

(a) Operating lease commitments

At 31st March 2006, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Within one year	**9,543**	9,225
Later than one year and not later than five years	**11,954**	17,580
	21,497	26,805

(b) Capital commitments

Capital commitments outstanding at the balance sheet date were as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Property, plant and equipment		
Contracted but not provided for	**2,649**	–

34 BUSINESS COMBINATION

Details of net liabilities acquired and goodwill generated from the acquisition of 50% issued share capital of YZH by Skyland, details of which are set out in note 16 to the financial statements, are as follows:

	2006
	HK$'000
Purchase consideration	
Fair value of shares issued *(note 16(b))*	**16,200**
Fair value of net liabilities acquired – shown as below	**9,456**
Goodwill *(note 16)*	**25,656**

The goodwill is attributable to the significant synergies expected to arise after the Group's acquisition of YZH.

The fair value of the shares issued was based on the published share price.

34 BUSINESS COMBINATION (Continued)

The assets and liabilities arising from the acquisition are as follows:

	Fair value HK$'000	Acquiree's carrying amount HK$'000
Cash and cash equivalents	8,344	8,344
Archives, masthead and publishing right (included in intangible assets) *(note 16)*	41,975	–
Inventories	221	221
Trade and other receivables	13,943	13,943
Trade and other payables	(83,397)	(83,397)
Net liabilities	(18,914)	(60,889)
Minority interests	9,458	
Net liabilities acquired	(9,456)	
Cash and cash equivalents in subsidiaries acquired		8,344
Cash inflow on acquisition		8,344

35 RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions with related parties

	Group	
	2006 HK$'000	2005 HK$'000
Rental income received from an associated company	**311**	393
Charges for administrative and management services, EDP support and equipment rental received from an associated company	**1,210**	2,011
Interest income received from an associated company	**730**	1,123
Printing and advertising charges received from an associated company	**211**	312
Advertising charges paid to an associated company	**22**	101
Consideration received from a minority shareholder for the disposal of partial interests in subsidiaries	**–**	8,921

35 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Key management compensation

	Group	
	2006	2005
	HK$'000	HK$'000
Basic salaries, other allowances and benefits in kind	**12,000**	11,091
Contributions to pension scheme	**396**	275
Share compensation costs on share options granted by a listed subsidiary	**259**	–
	12,655	11,366

(c) Related party balances

At 31st March 2006, the outstanding loan due from Mr Keith KAM Woon Ting, a director of certain subsidiaries of the Company, amounted to HK$669,000 (31st March 2005: HK$790,000). The loan was unsecured, interest-bearing at 4% (2005: 3%) per annum and repayable by monthly installments. The maximum amount outstanding during the year was HK$790,000. No interest was due for the amounts outstanding at 31st March 2006 and 31st March 2005.

36 CONTINGENT LIABILITIES

At 31st March 2006, the Company had contingent liabilities in respect of guarantees issued in favour of certain of its subsidiaries totalling HK$164,866,000 (2005: HK$163,820,000) in connection with general banking facilities granted to those subsidiaries. At 31st March 2006, total facilities utilised amounted to HK$56,424,000 (2005: HK$48,595,000).

37 ULTIMATE HOLDING COMPANY

The directors regard Conch Company Limited, a company incorporated in British Virgin Islands, as being the ultimate holding company.

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) Particulars of principal subsidiaries at 31st March 2006 that are incorporated in Hong Kong are as follows:

Name of subsidiary	Particulars of issued and fully paid share capital/ registered capital	Effective equity interest %	Principal activities
Centricon Enterprises Limited	2 ordinary shares of HK$1 each	100	Property investment
Charming Holidays Limited	1,000,000 ordinary shares of HK$1 each	100	Provision of travel and travel related services
Charming Online Travel Limited	800,000 ordinary shares of HK$1 each	98.89	Provision of travel and travel related services
Cheerlane Development Limited	2 ordinary shares of HK$1 each	100	Property investment
Holgain Limited	2 ordinary shares of HK$10 each	100	Property investment
Intelligent Printing Limited	2 ordinary shares of HK$1 each	100	Investment holding
Intelligent Publications (China) Limited	1,000,000 ordinary shares of HK$1 each	100	Investment holding
Kin Ming Printing Company Limited	100 ordinary shares of HK$100 each	100	Provision of printing services

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) Particulars of principal subsidiaries at 31st March 2006 that are incorporated in Hong Kong are as follows: (Continued)

Name of subsidiary	Particulars of issued and fully paid share capital/ registered capital	Effective equity interest %	Principal activities
Maribo Brief Limited	2 ordinary shares of HK$1 each	100	Property investment
Media2U Company Limited	101 ordinary shares of HK$1 each	44.33	Magazines advertising & operation
Ming Pao Holdings Limited	900 ordinary shares of HK$1,000 each and 100 non-voting deferred shares of HK$1,000 each	100	Investment holding
Ming Pao Holdings (North America) Limited (formerly known as Charming Holidays (North America) Limited)	2 ordinary shares of HK$1 each	100	Investment holding
Ming Pao Magazines Limited (formerly known as Lisport Company Limited)	165,000 ordinary shares of HK$10 each	44.33	Magazines publishing
Ming Pao Newspapers Limited	2 ordinary shares of HK$1 each	100	Newspaper publishing
Ming Pao Publications Limited	10 ordinary shares of HK$1 each	100	Books publishing
Mingpao.com Limited	2 ordinary shares of HK$1 each	97.78	Internet related businesses
Perfect Gain Development Limited	2 ordinary shares of HK$1 each	100	Property investment
Yazhou Zhoukan Limited	9,500 ordinary shares of HK$1 each	100	Magazine publishing

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Particulars of principal subsidiaries at 31st March 2006 that are incorporated outside Hong Kong are as follows:

Name of subsidiary	Place of incorporation and operation	Particulars of issued and fully paid share capital/ registered capital	Effective equity interest %	Principal activities
Beijing OMG M2U Advertising Company Limited	The People's Republic of China	RMB11,000,000	44.33	Magazines advertising
Beijing Times Resource Advertising Company Limited *(notes (b) & (d))*	The People's Republic of China	RMB3,500,000	44.33	Magazines advertising
Beijing Times Resource Technology Consulting Limited *(notes (b) & (d))*	The People's Republic of China	RMB3,000,000	44.33	Magazines operation
Delta Tour & Travel Services (Canada), Inc.	Canada	850,000 common shares at no par value for CAD$530,000	100	Provision of travel and travel related services
Delta Tour & Travel Services (New York), Inc.	The United States of America	20 common shares at no par value for US$10,000	100	Provision of travel and travel related services
Delta Tour & Travel Services, Inc.	The United States of America	461,500 common shares at no par value for US$300,500	100	Provision of travel and travel related services
First Collection Limited	British Virgin Islands	1 ordinary share of US$1	100	Investment holding
Guangzhou Kin Ming Printing Limited *(notes (c) & (d))*	The People's Republic of China	HK$25,000,000	100	Provision of printing services
Media2U (Beijing) Company Limited	The People's Republic of China	US$70,000	44.33	Magazines operation
Media2U (BVI) Company Limited	British Virgin Islands	1 ordinary share of US$1	44.33	Investment holding
Ming Pao Finance Limited	British Virgin Islands	10 ordinary shares of US$1 each	100	Publishing titles holding
Ming Pao Holdings (Canada) Limited	Canada	1 common share at no par value for CAD$1	100	Investment holding

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Particulars of principal subsidiaries at 31st March 2006 that are incorporated outside Hong Kong are as follows: (Continued)

Name of subsidiary	Place of incorporation and operation	Particulars of issued and fully paid share capital/ registered capital	Effective equity interest %	Principal activities
Ming Pao Holdings (USA) Inc.	The United States of America	1 common share of US$1	100	Investment holding
Ming Pao International Investment Limited	British Virgin Islands	10 ordinary shares of US$1 each	100	Investment holding
Ming Pao Newspapers (Canada) Limited	Canada	1,001 common shares at no par value for CAD$11	100	Newspaper publishing
Ming Pao (New York) Inc.	The United States of America	1 common share of US$1	100	Newspaper publishing
Ming Pao (San Francisco) Inc.	The United States of America	1 common share of US$1	100	Newspaper publishing
Mingpao.com Holdings Limited	Cayman Islands	717,735 ordinary shares of HK$0.1 each	97.78	Investment holding
MP Printing Inc.	The United States of America	1 common share of US$1	100	Provision of printing services
One Media Group Limited	Cayman Islands	400,000,000 ordinary shares of HK$0.001 each	44.33	Investment holding
One Media Holdings Limited	British Virgin Islands	20,000 ordinary shares of US$0.01 each	44.33	Investment holding
Skyland International Investment Limited	British Virgin Islands	10,000 ordinary shares of HK$1 each	100	Investment holding
Winmax Resources Limited	British Virgin Islands	100,000 ordinary shares of US$0.01 each	60	Investment holding
Yazhou Zhoukan Holdings Limited	British Virgin Islands	12,000 ordinary shares of HK$1 each	100	Investment holding
亞週股份有限公司	Taiwan	500,000 ordinary shares of NT$10 each	100	Magazine distributing

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Particulars of principal subsidiaries at 31st March 2006 that are incorporated outside Hong Kong are as follows: (Continued)

Notes:

(a) All companies operate in their respective places of incorporation, except for First Collection Limited, Media2U (BVI) Company Limited, Ming Pao Finance Limited, Ming Pao International Investment Limited, Mingpao.com Holdings Limited, One Media Group Limited, One Media Holdings Limited, Skyland International Investment Limited, Winmax Resources Limited and Yazhou Zhoukan Holdings Limited, which operate principally in Hong Kong.

(b) Beijing Times Resource Advertising Company Limited (''TRA") and Beijing Times Resource Technology Consulting Limited (''TRT") are domestic enterprises in the People's Republic of China ("PRC") owned legally by PRC nationals. The Group has entered into contractual arrangements with the legal owners of these companies so that the decision-making rights, operating and financing activities of TRA and TRT are ultimately controlled by the Group. The Group is also entitled to substantially all of the operating profits and residual benefits generated by TRA and TRT under these arrangements. In particular, the legal owners of these companies are required under their contractual arrangements with the Group to transfer their interests in TRA and TRT to the Group or the Group's designee upon the Group's request at a pre-agreed nominal consideration. Further, the Group can receive the cash flow derived from the operations of TRA and TRT through the levying of service and consultancy fees. The ownership interests in TRA and TRT have also been pledged by the legal owners of these companies to the Group. Based on the above, the directors regard these companies as subsidiaries of the Company.

(c) The subsidiary was established in PRC in the form of a wholly-owned foreign enterprise.

(d) The subsidiaries have 31st December as their financial accounting year end date, which is not coterminous with that of the Group for the reason of compliance with local regulations.

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the Group's results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Five-year Financial Summary

The results of the Group for the last five financial years are as follows:

	For the year ended 31st March				
	2006	As restated 2005	2004	2003	2002
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**1,248,623**	1,168,679	1,001,788	1,013,323	1,044,155
Profit/(loss) attributable to equity holders of the Company	**68,514**	43,340	41,864	33,207	(3,932)
Basic earnings/(loss) per share	**17 cents**	11 cents	11 cents	8 cents	(1 cent)

The assets and liabilities of the Group for the last five financial years are as follows:

	As at 31st March				
	2006	As restated 2005	2004	2003	2002
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**163,831**	175,939	373,198	356,597	375,026
Leasehold land and land use rights	**110,557**	113,269	–	–	–
Intangible assets	**69,133**	2,028	–	–	–
Interests in associated companies	**–**	22,210	21,669	18,022	12,893
Defined benefit plan's assets	**15,104**	14,687	14,377	14,286	13,498
Deferred income tax assets	**671**	621	1,044	1,164	–
Current assets	**617,621**	443,724	412,629	392,228	386,003
Current liabilities	**(230,038)**	(166,758)	(168,631)	(165,360)	(180,511)
Net current assets	**387,583**	276,966	243,998	226,868	205,492
Total assets less current liabilities	**746,879**	605,720	654,286	616,937	606,909
Minority interests	**(81,387)**	(12,318)	(1,664)	(1,605)	(8,914)
Long-term liabilities	**(17,926)**	(22,448)	(23,126)	(15,161)	(9,973)
Deferred income tax liabilities	**(13,393)**	(14,167)	(28,364)	(29,248)	–
Equity holders' fund	**634,173**	556,787	601,132	570,923	588,022

Note: The figures for the year ended 31st March 2005 had been restated pursuant to the adoption of HKFRSs. Figures for the year ended 31st March 2004 and prior corresponding years have not been restated as it would involve delay and expenses out of proportion to the benefit to equity holders.

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