



東方報業集團有限公司

ORIENTAL PRESS GROUP LTD

(Stock Code : 18)

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INTERIM REPORT



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ching-fat MA, *BBS*
Chairman

Mr. Ching-choi MA
Vice Chairman

Mr. Shun-chuen LAM
Chief Executive Officer

Non-executive Director

Mr. Dominic LAI

Independent Non-executive Directors

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

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

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

INVESTMENT COMMITTEE

Mr. Ching-choi MA (*Chairman*)
Mr. Shun-chuen LAM
Mr. Yat-fai LAM

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

COMPANY SECRETARY

Ms. Trix Kam-ying NGAN

SOLICITORS

Iu, Lai & Li, Solicitors

AUDITOR

HLM CPA Limited
Certified Public Accountants

BANKERS

Hang Seng Bank
Industrial and Commercial Bank
of China (Asia)
Chong Hing Bank

REGISTERED OFFICE

Oriental Press Centre
23 Dai Cheong Street
Tai Po Industrial Estate
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Friendly Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited 18

CONTACT INFORMATION

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The Directors of Oriental Press Group Limited (the "Company") announce that the unaudited consolidated results for the six months ended 30 September 2013 of the Company and its subsidiaries (collectively known as the "Group"), together with the comparative figures for the corresponding period of the previous year, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	<i>Notes</i>	Six months ended	
		30.9.2013 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000
Revenue		716,526	735,391
Other income		18,337	40,687
Raw materials and consumables used		(188,480)	(230,931)
Staff costs including directors' emoluments		(349,180)	(343,125)
Depreciation		(32,288)	(30,210)
Net exchange (loss)/gain		(26,327)	791
Other operating expenses		(92,888)	(94,988)
Net surplus on revaluation of property, plant and equipment		-	4,860
Net gain on disposal of property, plant and equipment		58	77
Profit from operations		45,758	82,552
Finance costs		(193)	(282)
Profit before tax		45,565	82,270
Income tax expense	5	(12,083)	(14,013)
Profit for the period		33,482	68,257

		Six months ended	
		30.9.2013	30.9.2012
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$'000	HK\$'000
	Other comprehensive (expense)/income:		
	Item that will not be subsequently reclassified to profit or loss:		
	– Surplus on revaluation of building	6,030	–
	Item that may be subsequently reclassified to profit or loss:		
	– Exchange difference on translation of financial statements of foreign operations	(6,942)	229
	Other comprehensive (expense)/income for the period	(912)	229
	Total comprehensive income for the period	32,570	68,486
	Profit for the period attributable to:		
	Owners of the Company	33,560	67,044
	Non-controlling interests	(78)	1,213
		33,482	68,257
	Total comprehensive income for the period attributable to:		
	Owners of the Company	32,879	67,253
	Non-controlling interests	(309)	1,233
		32,570	68,486
	Earnings per share		
	– Basic	HK1.40 cents	HK2.80 cents
	– Diluted	HK1.40 cents	HK2.80 cents

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	<i>Notes</i>	30.9.2013 (Unaudited) HK\$'000	31.3.2013 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	888,975	906,236
Leasehold land		26,390	26,784
Investment properties	9	208,658	234,206
Available-for-sale financial asset		4,745	4,745
Deferred tax assets		50,754	51,673
		1,179,522	1,223,644
Current assets			
Inventories		117,023	113,778
Trade receivables	10	216,534	248,813
Other debtors, deposits and prepayments		15,687	18,613
Tax recoverable		13,326	13,326
Cash and bank balances		1,718,844	1,601,803
		2,081,414	1,996,333
Current liabilities			
Trade payables	11	33,380	39,355
Other creditors, accruals and deposits received		192,308	121,068
Tax payable		22,604	7,483
Borrowings		7,220	8,104
Obligations under finance leases		813	795
		256,325	176,805
Net current assets		1,825,089	1,819,528
Total assets less current liabilities		3,004,611	3,043,172

		30.9.2013 (Unaudited) HK\$'000	31.3.2013 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Obligations under finance leases		2,495	1,844
Deferred tax liabilities		96,031	95,875
		98,526	97,719
Net assets		2,906,085	2,945,453
EQUITY			
Capital and reserves			
Share capital	12	599,479	599,479
Reserves		2,304,345	2,343,404
Equity attributable to owners of the Company		2,903,824	2,942,883
Non-controlling interests		2,261	2,570
Total Equity		2,906,085	2,945,453

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Attributable to owners of the Company

	Share capital	Share premium	Exchange reserve	Properties revaluation reserve	Retained profits	Proposed dividends	Total	Non- controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012 (audited)	599,479	814,485	29,149	9,700	1,351,190	71,937	2,875,940	1,001	2,876,941
Dividends paid	-	-	-	-	-	(71,937)	(71,937)	-	(71,937)
Interim dividends proposed	-	-	-	-	(47,958)	47,958	-	-	-
Special dividends proposed	-	-	-	-	(47,958)	47,958	-	-	-
Dividends proposed	-	-	-	-	(95,916)	95,916	-	-	-
Transactions with owners of the Company	-	-	-	-	(95,916)	23,979	(71,937)	-	(71,937)
Profit for the period	-	-	-	-	67,044	-	67,044	1,213	68,257
Other comprehensive income for the period									
- Exchange difference on translation of financial statements of foreign operations	-	-	209	-	-	-	209	20	229
Total comprehensive income for the period	-	-	209	-	67,044	-	67,253	1,233	68,486
At 30 September 2012 (unaudited)	<u>599,479</u>	<u>814,485</u>	<u>29,358</u>	<u>9,700</u>	<u>1,322,318</u>	<u>95,916</u>	<u>2,871,256</u>	<u>2,234</u>	<u>2,873,490</u>
At 1 April 2013 (audited)	599,479	814,485	33,972	51,360	1,371,649	71,938	2,942,883	2,570	2,945,453
Dividends paid	-	-	-	-	-	(71,938)	(71,938)	-	(71,938)
Interim dividends proposed	-	-	-	-	(23,980)	23,980	-	-	-
Special dividends proposed	-	-	-	-	(47,958)	47,958	-	-	-
Dividends proposed	-	-	-	-	(71,938)	71,938	-	-	-
Transactions with owners of the Company	-	-	-	-	(71,938)	-	(71,938)	-	(71,938)
Profit for the period	-	-	-	-	33,560	-	33,560	(78)	33,482
Other comprehensive expense for the period									
- Surplus on revaluation of building	-	-	-	6,030	-	-	6,030	-	6,030
- Release of revaluation reserve	-	-	-	(2,926)	2,926	-	-	-	-
- Exchange difference on translation of financial statements of foreign operations	-	-	(6,711)	-	-	-	(6,711)	(231)	(6,942)
Total comprehensive income for the period	-	-	(6,711)	3,104	36,486	-	32,879	(309)	32,570
At 30 September 2013 (unaudited)	<u>599,479</u>	<u>814,485</u>	<u>27,261</u>	<u>54,464</u>	<u>1,336,197</u>	<u>71,938</u>	<u>2,903,824</u>	<u>2,261</u>	<u>2,906,085</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Six months ended	
	30.9.2013 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000
Cash flows from operating activities		
Profit before tax	45,565	82,270
Adjustments for:		
Interest income	(4,884)	(13,069)
Interest expense	193	282
Impairment of trade receivables	296	303
Bad debt recovered	(17)	(66)
Depreciation	32,288	30,210
Net exchanges loss/(gain)	26,327	(791)
Amortisation of leasehold land	394	394
Net surplus on revaluation of property, plant and equipment	-	(4,860)
Net gain on disposal of property, plant and equipment	(58)	(77)
Operating profit before working capital changes	100,104	94,596
(Increase)/decrease in inventories	(3,245)	17,591
Decrease/(increase) in trade receivables	32,000	(12,629)
Decrease in other debtors, deposits and prepayments	1,114	16,807
Decrease in trade payables	(5,975)	(4,167)
Increase in other creditors, accruals and deposits received	71,240	27,686
Cash generated from operations	195,238	139,884
Income tax paid	-	(3,428)
Income tax refunded	38	-
Interest paid	(193)	(282)
Net cash generated from operating activities	195,083	136,174
Cash flows from investing activities		
Purchases of property, plant and equipment	(11,573)	(24,263)
Additions to investment properties	-	(43,821)
Net proceeds from disposal of property, plant and equipment	59	91
Interest received	5,747	8,687
Net cash used in investing activities	(5,767)	(59,306)
Cash flows from financing activities		
Dividends paid	(71,938)	(71,937)
Repayment of obligations under finance leases	(759)	(1,452)
Net cash used in financing activities	(72,697)	(73,389)
Net increase in cash and bank balances	116,619	3,479
Cash and bank balances at 1 April	1,601,803	1,629,615
Effect of changes in foreign exchange rate	422	(95)
Cash and bank balances at 30 September	1,718,844	1,632,999

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2013.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

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

HKFRS 13: Fair Value Measurement

The adoption of HKFRS 13 did not result in a change in the accounting policy relating to fair value measurement. HKFRS 13 defines fair values, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

2. **PRINCIPAL ACCOUNTING POLICIES** (Continued)

HKAS 1 (Amendments): Presentation of Items of Other Comprehensive Income

The adoption of amendments to HKAS 1 does not result in a change in the Group's accounting policy. The amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (i) items that will not be reclassified to profit or loss and (ii) items that may be classified subsequently to profit or loss when specific conditions are met.

The application of the above new or revised to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. Accordingly, no prior period adjustments have been required.

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

HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HKFRS 9 HKAS 32 (Amendments)	Financial Instruments ² Presentation – Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Recoverable Amount Disclosure for Non-financial Assets ¹
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) – Int 21	Levies ¹

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

² Effective for annual periods beginning on or after 1 January 2015

3. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

4. **SEGMENT INFORMATION**

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

4. SEGMENT INFORMATION (Continued)

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

	Six months ended					
	Publication of newspapers		All other segments		Total	
	30.9.2013 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000	30.9.2013 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000	30.9.2013 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000
Reportable segment revenue from external customers	<u>704,778</u>	<u>723,135</u>	<u>11,748</u>	<u>12,256</u>	<u>716,526</u>	<u>735,391</u>
Reportable segment profit/(loss)	<u>57,498</u>	<u>70,535</u>	<u>(724)</u>	<u>(5,881)</u>	<u>56,774</u>	64,654
Unallocated corporate income					<u>6,608</u>	35,868
Unallocated corporate expenses					<u>(17,817)</u>	<u>(18,252)</u>
Profit before tax					<u>45,565</u>	<u>82,270</u>
Other information						
Interest expenses	(47)	(115)	(146)	(167)	(193)	(282)
Depreciation and amortisation	(32,354)	(30,134)	(328)	(470)	(32,682)	(30,604)
Net surplus on revaluation of property, plant and equipment	-	4,860	-	-	-	4,860
Additions to non-current assets (property, plant and equipment and investment properties) during the period	<u>13,870</u>	<u>25,153</u>	<u>80</u>	<u>43,825</u>	<u>13,950</u>	<u>68,978</u>

4. SEGMENT INFORMATION (Continued)

Reportable segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Publication of newspapers		All other segments		Unallocated		Total	
	30.9.2013	31.3.2013	30.9.2013	31.3.2013	30.9.2013	31.3.2013	30.9.2013	31.3.2013
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS								
Segment assets	1,290,955	1,341,461	246,392	271,968	-	-	1,537,347	1,613,429
Available-for-sale financial asset	-	-	-	-	4,745	4,745	4,745	4,745
Cash and bank balances	-	-	-	-	1,718,844	1,601,803	1,718,844	1,601,803
Consolidated total assets	1,290,955	1,341,461	246,392	271,968	1,723,589	1,606,548	3,260,936	3,219,977
LIABILITIES								
Segment liabilities	344,813	264,393	10,038	10,131	-	-	354,851	274,524

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

	Revenue from external customers		Non-current assets	
	30.9.2013 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000	30.9.2013 (Unaudited) HK\$'000	31.3.2013 (Audited) HK\$'000
Hong Kong (country of domicile)	709,739	728,180	912,112	924,520
Australia	6,787	7,211	211,911	242,706
	716,526	735,391	1,124,023	1,167,226

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

During the current interim period, HK\$264,470,000 (six months ended 30 September 2012: HK\$254,672,000) out of the Group's revenue of HK\$716,526,000 (six months ended 30 September 2012: HK\$735,391,000) was contributed by two (six months ended 30 September 2012: two) customers. No other single customer contributed 10% or more to the Group's revenue for both period in 2013 and 2012.

5. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2012: 16.5%) of the estimated assessable profit for the period. Australian Income Tax is calculated at 30% (six months ended 30 September 2012: 30%) of the estimated assessable profit for the period.

	Six months ended	
	30.9.2013 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	12,989	14,874
Overseas Income Tax	418	—
	<u>13,407</u>	<u>14,874</u>
Under provision in prior year:		
Overseas Income Tax	1,695	—
	<u>15,102</u>	<u>14,874</u>
Deferred tax:		
Current period	(3,019)	(861)
	<u>12,083</u>	<u>14,013</u>

Deferred tax has been provided for at the rate that is expected to apply in the period when the liability is settled or the asset is realised.

6. DIVIDENDS

During the current interim period, a final dividend of HK2 cents per share and special dividend of HK1 cent per share in respect of the year ended 31 March 2013 (2012: final dividend of HK2 cents per share and special dividend of HK1 cent per share in respect of the year ended 31 March 2012) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amount to HK\$71,938,000 (2012: HK\$71,937,000).

Subsequent to the end of the current interim period, the Directors of the Company have determined that an interim dividend of HK1 cent per share (2012: HK2 cents per share) and a special dividend of HK2 cents per share (2012: HK2 cents per share) will be paid to the owners of the Company whose names appear in the Register of Members on 12 December 2013.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended	
	30.9.2013	30.9.2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	33,560	67,044
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings per share	2,397,918	2,397,918

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$1,000 (six months ended 30 September 2012: HK\$14,000) for sale proceeds of HK\$59,000 (six months ended 30 September 2012: HK\$91,000), resulting in a gain on disposal of HK\$58,000 (six months ended 30 September 2012: HK\$77,000).

In addition, during the current interim period, the Group acquired HK\$13,950,000 (six months ended 30 September 2012: HK\$25,157,000) of certain property, plant and equipment in which HK\$2,377,000 (six months ended 30 September 2012: HK\$894,000) were non-cash transactions.

At 30 September 2013, the carrying amounts of the Group's leasehold building was stated at fair value, which were determined by the Directors with reference to the estimated market value.

9. MOVEMENTS IN INVESTMENT PROPERTIES

No addition (six months ended 30 September 2012: HK\$43,821,000) of investment properties were made during the current interim period.

At the end of the current interim period, the Group's investment properties were fairly valued by the Directors with reference to the estimated market value. There was no further revaluation surplus or deficit arising from the revaluation of the investment properties as at 30 September 2013 (six months ended 30 September 2012: Nil). Consequently no revaluation surplus or deficit has been recognized in the current interim period.

10. TRADE RECEIVABLES

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

The following is an analysis of trade receivables by age, presented based on the invoice date, after deducting the provision for impairment loss at the end of the reporting period:

	30.9.2013 (Unaudited) HK\$'000	31.3.2013 (Audited) HK\$'000
0 – 60 days	112,920	109,385
61 – 90 days	41,776	46,557
Over 90 days	61,838	92,871
	216,534	248,813

11. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date, at the end of the reporting period:

	30.9.2013 (Unaudited) HK\$'000	31.3.2013 (Audited) HK\$'000
0 – 60 days	30,474	31,923
61 – 90 days	777	794
Over 90 days	2,129	6,638
	33,380	39,355

12. SHARE CAPITAL

	Number of ordinary shares	30.9.2013 (Unaudited) HK\$'000	31.3.2013 (Audited) HK\$'000
Authorised:			
Ordinary shares of HK\$0.25 each	5,000,000,000	1,250,000	1,250,000
Issued and fully paid:			
Ordinary shares of HK\$0.25 each	2,397,917,898	599,479	599,479

13. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	30.9.2013 (Unaudited) HK\$'000	31.3.2013 (Audited) HK\$'000
Within one year	5,338	6,438
In the second to fifth years	1,535	3,480
	6,873	9,918

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

14. OPERATING LEASE ARRANGEMENTS

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

	30.9.2013 (Unaudited) HK\$'000	31.3.2013 (Audited) HK\$'000
Within one year	3,661	6,665
In the second to fifth years	–	1,100
	3,661	7,765

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

15. RELATED PARTIES TRANSACTIONS

During the current interim period, the Group entered into the following significant transactions with the related parties:

- (a) The Group paid legal fees to Messrs. lu, Lai & Li. Mr. Dominic LAI, a non-executive director of the Company, is a senior partner of Messrs. lu, Lai & Li during the current interim period. The transaction prices were considered by the Directors as estimated market value.

Besides, the Group entered into an agreement with an independent third party and Mr. Derek Hing-kwok MA, a director of the Group's subsidiaries and a close family member of the Group's Director, to rent a quarter as a place of residence for Mr. Derek Hing-kwok MA.

Name of the related parties	Nature of the transactions	Six months ended	
		30.9.2013 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000
Messrs. lu, Lai & Li	Legal fee	<u>332</u>	<u>1,152</u>
Mr. Derek Hing-kwok MA	Rental expenses	<u>540</u>	<u>–</u>

- (b) The remuneration of key management personnel during the interim period was as follows:

	30.9.2013 (Unaudited) HK\$'000	30.9.2012 (Unaudited) HK\$'000
Salary and short-term benefit	<u>17,460</u>	<u>17,400</u>
Post-employment benefit	<u>23</u>	<u>21</u>

16. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of property, plant and equipment and refurbishment to investment properties, contracted but not provided for in the financial statements

	30.9.2013 (Unaudited) HK\$'000	31.3.2013 (Audited) HK\$'000
	<u>1,381</u>	<u>5,273</u>

At 30 September 2013 and 31 March 2013, the Company did not have any significant capital commitments.

17. OUTSTANDING LITIGATIONS

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

18. CONTINGENT LIABILITIES

The Company has executed guarantees amounting to approximately HK\$66,600,000 (31 March 2013: HK\$66,400,000) with respect to banking facilities granted to subsidiaries. Under the facilities, the Company would be liable to pay the bank if the bank is unable to recover the loan. At the end of the reporting period, the facilities were utilized to the extent of approximately HK\$4,938,000 (31 March 2013: HK\$10,306,000). No provision for the Company's obligation under the guarantee contract has been made as the Directors considered that it was not probable that the repayment of the loan would be in default.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 September 2013, the Group's unaudited consolidated profit attributable to owners of the Company amounted to HK\$33,560,000, representing a decrease of approximately 50% for the previous period. The decrease in the Group's profit was mainly attributable to the exchange loss arising from depreciation of Australian currency in relation to the Group's investment in Australia and a slight decrease in the Group's advertising revenue as a result of the downturn of the global economy.

DIVIDENDS

Since the Group has sufficient cash reserve to meet requirement in case there is suitable investment opportunity, the directors of the Company (the "Directors") have resolved to declare an interim dividend of HK1 cent (six months ended 30 September 2012: HK2 cents) per share and a special dividend of HK2 cents (six months ended 30 September 2012: HK2 cents) per share, payable to the shareholders whose names appear on the Register of Members on 12 December 2013. The interim and special dividends will be payable on or around 20 December 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 11 December 2013 to 12 December 2013, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim and special dividends, all transfers accompanied with the relevant share certificates must be deposited at the Company's share registrar, Tricor Friendly Limited, whose address is 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 10 December 2013.

BUSINESS REVIEW

“Oriental Daily News” continues to be the best-selling and most widely read newspaper in Hong Kong, and has been so for the last 37 consecutive years. It is truly “The Paper for Hong Kong”. According to the research of Oracle Added Value, which has been selected as the best marketing research company of the year in Hong Kong, the readership of “Oriental Daily News” achieved a record high of 3,768,048 in June and July 2013, representing an increase of 35,892 readers over that in October 2011, and is also 56% higher than that of “Apple Daily”. The research shows that “Oriental Daily News” enjoys quality readership, of which the percentages of employers, executives, professionals and college graduates are higher than the respective percentages in Hong Kong’s population as a whole. The outstanding strength and popularity of “Oriental Daily News” are demonstrated by the continuous rise of its readership which is way higher than that of other competitors despite intense competition in the newspaper industry. During the period under review, “Oriental Daily News” gave exclusive coverage of many cases of unfairness in society, drawing extensive attention of the public and exerting considerable influence. The sales of “Oriental Daily News” has remained steady despite the rise of its retail price to HK\$7 in April this year, accounting for increase in distribution revenue of the Group. Given its large quality readership, and its position as the largest paid newspaper in Hong Kong, “Oriental Daily News” has been the preferred choice for advertisers to market their products.

“The Sun” has been holding fast as the third best-selling Chinese newspaper in Hong Kong for the last 14 consecutive years. According to the research of Oracle Added Value, the readership of “The Sun” achieved a record high of 1,704,339 in June and July 2013, which represents an increase of 69,839 readership over that in October 2011. The better-than-expected result demonstrates the recognition of “The Sun” by the public, due to its constant pursuit of breakthroughs and improvement. The research also showed that the readers of “The Sun” have strong spending power, with particular enthusiasm for travel, fashion and beauty products, in line with the spending pattern of the young generation today. “The Sun” presents carefully selected quality news with a concise and fresh layout. During the period under review, “Sunlife”, the supplement of “The Sun”, was renamed as “Goodlife”, with increased focus on overseas entertainment news and updates of international superstars to cater for the taste of young readers. The increase in retail price to HK\$7 in April this year has not compromised its sales, but contributed to an increase of distribution revenue to the Group. “The Sun Elite Brand Awards 2013” held in September received extensive positive response, which reconfirmed the effectiveness of “The Sun” in its marketing and extensive popularity with advertisers.

“Good News”, an exclusive entertainment paperzine for young readers in Hong Kong, is distributed with “The Sun” each Friday, and also given out free and separately in downtown areas. “Good News” provides a variety of contents including current affairs, Chinese and foreign celebrities, fashion, lifestyle, food and entertainment. Its flexible and innovative layout, in particular, columns such as “Special Recommendations”, “Hot Issues” and “Good Tastes”, is highly appreciated by advertisers. Following its launch, “Good News” has taken up a definitive market share in the newspaper industry quickly. As well as expanding the readership of the Group successfully, “Good News” has brought satisfactory revenue to the Group with better-than-expected performance in advertising. In response to market need, “Good News” is even experimenting on the two-booklets-in-one format, with richer contents and higher attractiveness. We believe that “Good News” will make substantial contribution to the earnings growth of the Group in the future.

“on.cc”, the flagship online portal of the Group, has adopted a new Chinese name on 3 November 2013 and undergone complete renovation. According to a summary of the review of Hong Kong for the first two quarters result of comScore Media Metrix, an international market research company, “on.cc” continues to record the largest number of visitors and become the news portal of the highest page views in Hong Kong, with more than 3 million monthly non-repetitive visitors and an average of more than 700,000 visits every day. Known for its unparalleled extensive, fast and detailed news coverage, complemented by a profusion of news photos and video clips, “on.cc” is highly recognised by netizens and well received by advertisers, bringing considerable advertising revenue to the Group. “on.cc” provides a number of mobile applications, together with constant upgrades in response to the changes in the functions of various mobile platforms and mobile phones, ensuring that readers can browse information provided by the Group smoothly. Given the emerging trend of marketing through smart phones, “on.cc” has made substantial efforts to develop mobile applications for various brands of mobile phones, extending the reach of marketing network for advertisers. In synchronise with technological development and pursuit of efficiency has been the key to the success of “on.cc” in attracting advertisements. “on.cc” keeps seeking different partners to capitalise on business opportunities that arise. Following the successful development of iPhone applications that push real-time notifications of football scores, the application has now been extended to iPad and also Android platform. In addition, a horse racing section was added in on.cc apps and has been developed recently, providing horse racing enthusiasts with important information including race card and trackwork. The section is the only comprehensive and interactive source in the market.

“ontv” streams the latest and fastest news videos, enabling netizens to keep track of news, information and live events anytime, anywhere. During the period under review, “ontv” has increased our investment in video recording and editing equipment, thereby increasing the output of news clips. The commentary programmes of “ontv” are particularly popular with netizens. The application of “chroma key” by the production studio has contributed significantly to our video production techniques, offering room for greater creativity in advertisement production.

“Money 18” provides netizens with real-time financial information, and its “Real-time Quote” is particularly popular with investors. Benefiting from its reputation and influence in the financial sector, “Money 18” has remained highly popular with foreign banks as a major channel to market callable bull/bear contracts and warrants in the relatively light trading in the stock market in the past half year. Currently, the economy of the world is subject to various degrees of potential downside risk, and the investment sector is concerned with the effect of the ending of QE3 in the United States. “Money 18” keeps a finger on the pulse of the market and provides investors with detailed information on the ending of QE3 in the United States and investment strategies for their reference. In addition, “Money 18” keeps exploring hot issues such as local and overseas properties, stock market and foreign exchange in the form of special reports, maintaining its position as a leading financial website.

“FLASHoN” is a popular magazine that combines fashion, beauty, lifestyle, culture and art. Distributed with “Oriental Daily News” in certain high-end residential and commercial areas in Hong Kong, “FLASHoN” is well received by many local fashionistas and beauty lovers, providing a marketing platform for major renowned brands. With a view to enhancing its quality and attractiveness and catering for the taste of the new generation of readers, “FLASHoN” has formally transformed into a Chinese-English bilingual monthly in September this year, featuring enriched and fascinating contents. A new version of its website “FLASHoN.com” was launched on 1 October this year, providing daily updates of fashion, beauty, exclusive interviews and trendy lifestyle. These contents are uploaded to major social platforms synchronously to create a cross-network interactive platform, keeping in close touch with its readers. The “FLASHoN TV” section of the website, which provides fashion video clips, is a perfect channel for advertisers to reach their target audience.

On the Group’s overseas investments, each of the Group’s rental properties overseas has recorded satisfactory return, and continue to generate steady rental income for the Group.

The sentiment of local consumers has remained depressed during the past half year due to continued uncertainties in the global economy, the credit squeeze in Mainland China, the weakness in the eurozone economy and the intention of the United States to end QE3. As a result, advertisers have reduced their budget, which in turn affected the advertising revenue of the Group. In particular, property advertisements showed the most significant decrease, mainly as a result of decreased marketing efforts of property developers, given the government’s measures adopted last year to cool the property market. In the advertising market, digital media advertisements have experienced rapid growth, threatening the market share of the print media. These factors, coupled with the change in Australian currency rates and high operating costs during the period, have posed pressure on the earnings of the Group. The increase in distribution revenue to the Group resulting from the increase of the retail price of its newspapers to HK\$7 in April this year was not able to offset the decline in advertising income. In an effort to control costs, the Group has adopted a series of measures to cut down on expenditure, including stringent control over production cost and merger of departments and teams to streamline its organisation, which have begun to show satisfactory results.

BUSINESS OUTLOOK

Given the continued weakness in consumer sentiment in Hong Kong amid prolonged downturn in the external economy and the quiet investment market, plus the continued shift of advertising market share to the digital media, the Board believes that the print media of the Group will be confronted with serious challenge in the coming year. Therefore, in addition to our efforts to consolidate the readership of its newspapers, the Group will invest in the digital media business to enhance the competitiveness of “on.cc” news. The Group will recruit professionals and purchase the state-of-the-art mobile broadcast equipment to increase production efficiency, and the editorial team will act promptly to follow up the latest development, with the aim to providing netizens with real-time firsthand information.

The Group has initiated a process of business transformation, with all investments and research expected to lay a solid foundation for our future digital media business. The long-term objective of the Group is to disseminate news, photos and video clips among all Chinese communities around the world by utilising digital technology, thereby bringing into play the strong influence of the Group. The Group plans to set up editorial teams in major Chinese communities around the world by stages to cover hot news for Chinese worldwide. “on.cc” is well positioned to become an important news centre for Chinese around the world, creating the most effective marketing network for Chinese advertisers worldwide. As the first step, “on.cc” will enhance the quality and quantity of Taiwan news, introducing commentary articles and launching a webpage interface specially designed for Taiwan readers. We believe these efforts will attract a large number of readers of different background in Taiwan. In the meantime, “on.cc” will also provide a simplified Chinese version for the ease of Mainland readers to browse information provided by the Group. Given the positive feedbacks from the launch of the newly enhanced “on.cc”, the Group believes that it will contribute to our advertising business in the future.

The Group continues to seek other investment projects actively, including properties and hotels, with a view to diversifying operational risks. The Board will conduct prudent study and analysis on the return and prospect of each investment project in order to protect the interests of our shareholders.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital at 30 September 2013 amounted to HK\$1,825,089,000 (31 March 2013: HK\$1,819,528,000), which includes time deposits, bank balances and cash amounting to HK\$1,718,844,000 (31 March 2013: HK\$1,601,803,000).

At 30 September 2013, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 0.4% (31 March 2013: 0.4%).

During the period, the Group’s capital expenditure was approximately HK\$13,950,000.

EMPLOYEES

At 30 September 2013, the Group employed 2,153 employees. Remuneration for employees including medical benefits is determined based on industry practice, performance and working experience of the employees, and the current market conditions. The Group has implemented a training scheme to nurture a new generation of journalists.

EXPOSURE TO FOREIGN EXCHANGE

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

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company comprises two independent non-executive Directors and one non-executive Director. The Committee has reviewed the unaudited interim financial statements for the six months ended 30 September 2013 and has no disagreement with the accounting treatment adopted.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2013. The Company has adopted most of the recommended best practices stated therein.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Following specific enquiries by the Company, all Directors have confirmed their compliance with the required standards set out in the Model Code for the six months ended 30 September 2013.

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

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

The interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required (a) to be recorded in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as at 30 September 2013 were as follows:

Interests in the Company

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

Notes:

- (i) Mr. Ching-fat MA is the founder of Marsun Trust, and Marsun Group Limited, as the trustee of Marsun Trust, indirectly holds the entire issued share capital of Magicway Investment Limited and Ever Holdings Limited. Magicway Investment Limited and Ever Holdings Limited in turn hold 1,222,941,284 shares and 329,710,000 shares respectively in the Company. Mr. Ching-fat MA, as the founder of Marsun Trust, is deemed to be interested in the same parcel of shares comprised in the trust assets of Marsun Trust under the SFO.
- (ii) Mr. Ching-fat MA is also the founder of A & N Trust, and Natural Skyline Limited, as the trustee of A & N Trust, holds the entire issued share capital of Prosper Time Trading Limited. Prosper Time Trading Limited in turn holds 95,916,000 shares in the Company. Mr. Ching-fat MA, as the founder of A & N Trust, is deemed to be interested in the same parcel of shares comprised in the trust assets of A & N Trust under the SFO.
- (iii) Mr. Ching-fat MA is a beneficiary of CF Trust, and China Access (Hong Kong) Limited, as the trustee of CF Trust, holds the entire issued share capital of Perfect Deal Trading Limited. Perfect Deal Trading Limited in turn holds 149,870,000 shares in the Company. Mr. Ching-fat MA, as a beneficiary of CF Trust, is deemed to be interested in the same parcel of shares comprised in the trust assets of CF Trust under the SFO.

- (iv) Mr. Ching-choi MA is the founder of CF Trust, and China Access (Hong Kong) Limited, as the trustee of CF Trust, holds the entire issued share capital of Perfect Deal Trading Limited. Perfect Deal Trading Limited in turn holds 149,870,000 shares in the Company. Mr. Ching-choi MA, as the founder of CF Trust, is deemed to be interested in the same parcel of shares comprised in the trust assets of CF Trust under the SFO.
- (v) Mr. Ching-choi MA is a beneficiary of A & N Trust, and Natural Skyline Limited, as the trustee of A & N Trust, holds the entire issued share capital of Prosper Time Trading Limited. Prosper Time Trading Limited in turn holds 95,916,000 shares in the Company. Mr. Ching-choi MA, as a beneficiary of A & N Trust, is deemed to be interested in the same parcel of shares comprised in the trust assets of A & N Trust under the SFO.

Other than the holdings disclosed above, no interests or short positions were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein as at 30 September 2013.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

So far as was known to the Directors and chief executive of the Company, the interests and short positions of any persons (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO as at 30 September 2013 were as follows:

Interests in the Company

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

Notes:

- (i) Marsun Group Limited, as the trustee of Marsun Trust, holds the entire issued share capital of Magicway Investment Limited and Ever Holdings Limited through its wholly-owned subsidiary, Marsun Holdings Limited. Magicway Investment Limited and Ever Holdings Limited in turn hold 1,222,941,284 shares and 329,710,000 shares respectively in the Company. Marsun Group Limited, as the trustee of Marsun Trust, is deemed to be interested in the same parcel of shares comprised in the trust assets of Marsun Trust under the SFO.
- (ii) Marsun Holdings Limited holds the entire issued share capital of Magicway Investment Limited and Ever Holdings Limited and is, by virtue of its interest in Magicway Investment Limited and Ever Holdings Limited, deemed to be interested in the same parcel of shares in which Magicway Investment Limited and Ever Holdings Limited are interested.
- (iii) China Access (Hong Kong) Limited, as the trustee of CF Trust, holds the entire issued share capital of Perfect Deal Trading Limited. Perfect Deal Trading Limited in turn holds 149,870,000 shares in the Company. China Access (Hong Kong) Limited, as the trustee of CF Trust, is deemed to be interested in the same parcel of shares comprised in the trust assets of CF Trust under the SFO.
- (iv) Ms. Mui-fong HUNG, as the spouse of Mr. Ching-fat MA, is deemed to be interested in the same parcel of shares comprised in the trust assets of Marsun Trust, A & N Trust and CF Trust under the SFO as Mr. Ching-fat MA is the founder of Marsun Trust and A & N Trust and also a beneficiary of CF Trust and a director of the Company.
- (v) Ms. Maria Lai-chun CHAN, as the spouse of Mr. Ching-choi MA, is deemed to be interested in the same parcel of shares comprised in the trust assets of CF Trust and A & N Trust under the SFO as Mr. Ching-choi MA is the founder of CF Trust and also a beneficiary of A & N Trust and a director of the Company.

Save as disclosed above, no other party had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO as at 30 September 2013.

On behalf of the Board

Ching-fat MA

Chairman

Hong Kong, 22 November 2013