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東方報業集團有限公司

ORIENTAL PRESS GROUP LTD

(Incorporated in Hong Kong with limited liability)

(Stock Code: 18)

Announcement of results for the year ended 31 March 2016

The board of directors of Oriental Press Group Limited (the “Board”) announces that the audited consolidated results of Oriental Press Group Limited (the “Company”) and its subsidiaries (collectively known as the “Group”) for the year ended 31 March 2016 are as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000 (Restated)
Revenue	4	1,181,233	1,324,717
Other income	4	41,542	41,913
Raw materials and consumables used		(228,867)	(300,732)
Staff costs including directors' emoluments		(729,281)	(732,718)
Depreciation		(68,781)	(70,289)
Other operating expenses		(144,063)	(174,702)
Fair value adjustments on investment properties		12,827	33,976
Net exchange gain/(loss)		27	(37,361)
Net gain on disposal of trademark		1,790	-
Net (loss)/gain on disposal and write-off of property, plant and equipment		(1,173)	538
Profit from operations	6	65,254	85,342
Finance costs	7	(262)	(337)
Profit before tax		64,992	85,005
Income tax expense	8	(9,671)	(23,427)
Profit for the year		55,321	61,578
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Exchange loss on translation of financial statements of foreign operations		(2,109)	(4,969)
Other comprehensive expenses for the year, net of tax		(2,109)	(4,969)
Total comprehensive income for the year		53,212	56,609

	Notes	2016 HK\$'000	2015 HK\$'000 (Restated)
Profit for the year attributable to:			
Owners of the Company	10	54,612	60,786
Non-controlling interests		709	792
		55,321	61,578
Total comprehensive income attributable to:			
Owners of the Company		52,482	56,199
Non-controlling interests		730	410
		53,212	56,609
Earnings per share			
- Basic	10	HK2.28 cents	HK2.53 cents
- Diluted		HK2.28 cents	HK2.53 cents

Consolidated Statement of Financial Position
As at 31 March 2016

	Notes	31.03.2016 HK\$'000	31.03.2015 HK\$'000 (Restated)	01.04.2014 HK\$'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		584,522	642,896	678,640
Leasehold land		24,420	25,208	25,996
Investment properties		222,758	210,169	216,616
Available-for-sale financial asset		4,745	4,745	4,745
Deferred tax assets		27,125	27,808	37,984
		863,570	910,826	963,981
Current assets				
Inventories	11	50,871	71,730	70,169
Trade receivables	12	167,875	187,397	198,964
Other debtors, deposits and prepayments		16,318	17,437	20,265
Taxation recoverable		9,884	12,047	1,759
Cash and bank balances		1,735,602	1,653,132	1,741,560
		1,980,550	1,941,743	2,032,717
Current liabilities				
Trade payables	13	19,820	26,528	31,420
Other creditors, accruals and deposits received		108,052	86,384	153,611
Taxation payable		670	363	12,070
Borrowings	14	7,963	8,118	8,577
		136,505	121,393	205,678
Net current assets		1,844,045	1,820,350	1,827,039
Total assets less current liabilities		2,707,615	2,731,176	2,791,020
Non-current liabilities				
Borrowings	14	3,859	5,882	4,356
Deferred tax liabilities		62,940	65,753	63,836
		66,799	71,635	68,192
Net assets		2,640,816	2,659,541	2,722,828
EQUITY				
Equity attributable to owners of the Company				
Share capital		1,413,964	1,413,964	1,413,964
Reserves		1,223,546	1,243,001	1,306,698
		2,637,510	2,656,965	2,720,662
Non-controlling interests		3,306	2,576	2,166
Total equity		2,640,816	2,659,541	2,722,828

Consolidated Statement of Changes in Equity For the year ended 31 March 2016

	Equity attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Exchange reserve HK\$'000 (Note)	Properties revaluation reserve HK\$'000 (Note)	Retained profits HK\$'000 (Note)	Proposed dividend HK\$'000 (Note)	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 April 2014								
(As previously reported)	1,413,964	27,154	84,954	1,324,523	71,938	2,922,533	2,166	2,924,699
Prior year adjustments	-	-	(75,254)	(126,617)	-	(201,871)	-	(201,871)
At 1 April 2014 (Restated)	1,413,964	27,154	9,700	1,197,906	71,938	2,720,662	2,166	2,722,828
2014 final dividend paid	-	-	-	-	(71,938)	(71,938)	-	(71,938)
2015 interim dividend paid	-	-	-	(47,958)	-	(47,958)	-	(47,958)
Transactions with owners	-	-	-	(47,958)	(71,938)	(119,896)	-	(119,896)
Profit for the year	-	-	-	60,786	-	60,786	792	61,578
Other comprehensive expenses								
-Exchange loss on translation of financial statements of foreign operations	-	(4,587)	-	-	-	(4,587)	(382)	(4,969)
Total comprehensive income for the year	-	(4,587)	-	60,786	-	56,199	410	56,609
Proposed 2015 final dividend (Note 9)	-	-	-	(47,958)	47,958	-	-	-
At 31 March 2015 and 1 April 2015 (Restated)	1,413,964	22,567	9,700	1,162,776	47,958	2,656,965	2,576	2,659,541
2015 final dividend paid	-	-	-	-	(47,958)	(47,958)	-	(47,958)
2016 interim dividend paid	-	-	-	(23,979)	-	(23,979)	-	(23,979)
Transactions with owners	-	-	-	(23,979)	(47,958)	(71,937)	-	(71,937)
Profit for the year	-	-	-	54,612	-	54,612	709	55,321
Other comprehensive expenses								
-Exchange (loss) / profit on translation of financial statements of foreign operations	-	(2,130)	-	-	-	(2,130)	21	(2,109)
Total comprehensive income for the year	-	(2,130)	-	54,612	-	52,482	730	53,212
At 31 March 2016	1,413,964	20,437	9,700	1,193,409	-	2,637,510	3,306	2,640,816

Notes: These reserve accounts comprise the consolidated reserves of HK\$1,223,546,000 (2015: HK\$1,243,001,000 as restated) in the consolidated statement of financial position of the Group.

**Notes to the Financial Statements
For the year ended 31 March 2016**

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The financial information relating to the years ended 31 March 2016 and 2015 included in this preliminary annual results announcement do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 March 2016 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements comply with the applicable disclosure requirements of the Companies Ordinance (Cap. 622) and the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. APPLICATION OF NEW OR AMENDED HKFRSs

In the current year, the Group has adopted the following amendments and interpretations issued by the HKICPA, which are or have become effective for the Group's financial year beginning on 1 April 2015.

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle

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

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2016 and which have not been adopted in these financial statements as follows:

HKFRS 9	Financial Instruments ²
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15 (Revised)	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle ¹
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations ¹
HKAS 1 (Amendments)	Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ¹
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ¹

Notes:

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

⁴ The original effective date has been deferred to a date yet to be determined

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

3. PRIOR YEAR ADJUSTMENTS

During the year, Hong Kong Science and Technology Parks Corporation ("HKSTP"), the management of the Tai Po Industrial Estate, has terminated the "2008 Assignment Arrangement", whereby the lessee was allowed to assign the lease to a third party for a consideration mutually agreed by both parties so long as the conditions stipulated by HKSTP were fulfilled. Accordingly, value of the Group's leasehold land and building known as Oriental Press Centre situated in the Tai Po Industrial Estate would be evaluated by the way of calculation of surrender consideration as prescribed in the lease agreement (the "Lease Agreement") in the event that the Group terminates the lease with HKSTP before its expiry date.

Following the termination of the "2008 Assignment Arrangement", the Directors have conducted a comprehensive review of the impact of this matter to the financial statements. The surrender consideration as prescribed in the Lease Agreement does not conform to the definition of fair value as defined in HKFRS13 Fair value measurement. Given the restriction on assignment of the lease to another party, it is no longer possible to derive a fair value (as defined in HKFRS13) for the property held under the Lease. Therefore, in the opinion of the Directors, it now becomes more appropriate for the Oriental Press Centre to be measured on cost model (i.e. cost less depreciation and impairment basis) in accordance with HKAS16 rather than use of the fair value model as previously reported.

Consequently, the Directors have identified the following accounting policy changes in the presentation and disclosure in certain transactions and balances in previously issued consolidated financial statements in preparing the consolidated financial statements for the year ended 31 March 2016. As a result of the change in accounting policy, the Group's consolidated statements of financial position and changes in equity as at 31 March 2015 and 1 April 2014, and the consolidated statements of profit or loss and other comprehensive income and cash flows for the year ended 31 March 2015 together with certain explanatory notes have been restated to reflect these prior year adjustments.

Impact on the consolidated statement of financial position as at 31 March 2015 and 31 March 2014:

	As at 31 March 2015		
	Previously reported HK\$'000	Adjustments HK\$'000	Restated HK\$'000
Property, plant and equipment	919,627	(276,731)	642,896
Deferred tax liabilities	107,311	(41,558)	65,753
Properties revaluation reserve	120,217	(110,517)	9,700
Retained profits	1,287,432	(124,656)	1,162,776
	As at 31 March 2014		
	Previously reported HK\$'000	Adjustments HK\$'000	Restated HK\$'000
Property, plant and equipment	915,488	(236,848)	678,640
Deferred tax liabilities	98,813	(34,977)	63,836
Properties revaluation reserve	84,954	(75,254)	9,700
Retained profits	1,324,523	(126,617)	1,197,906

Impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2015:

	For the year ended 31 March 2015		
	Previously reported HK\$'000	Adjustments HK\$'000	Restated HK\$'000
Depreciation	(78,062)	7,773	(70,289)
Income tax expense	(25,388)	1,961	(23,427)
Surplus on revaluation of buildings	47,656	(47,656)	-
Deferred tax liabilities arising on revaluation of buildings	(4,620)	4,620	-
Profit for the year attributable to:			
Owners of the Company	51,052	9,734	60,786
Total comprehensive income attributable to:			
Owners of the Company	89,501	(33,302)	56,199

4. REVENUE

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

	2016 HK\$'000	2015 HK\$'000
Publication of newspapers	1,082,500	1,239,303
Internet subscription and advertising income	73,867	58,961
Rental income from investment properties	8,609	8,619
License fee income from hotel property	5,701	6,728
Income from restaurant operation	10,556	11,106
	1,181,233	1,324,717

	2016	2015
	HK\$'000	HK\$'000
Included in other income are:		
Interest earned on bank deposits	12,145	11,676
Sales of scrap materials	4,047	5,697

5. SEGMENT INFORMATION

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

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

	Publication of newspapers		All other segments		Total	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)				(Restated)
Reportable segment revenue from external customers	1,156,367	1,298,264	24,866	26,453	1,181,233	1,324,717
Reportable segment profit	55,841	94,503	15,786	36,161	71,627	130,664
Unallocated corporate income					31,504	27,446
Unallocated corporate expenses					(38,139)	(73,105)
Profit before tax					64,992	85,005
Other information						
Depreciation and amortisation	(68,870)	(70,210)	(699)	(867)	(69,569)	(71,077)
Fair value adjustments on investment properties	-	-	12,827	33,976	12,827	33,976
Additions to non-current assets (property, plant and equipment and investment properties) during the year	10,056	34,698	2,243	924	12,299	35,622

Reportable segment assets and liabilities

	Publication of newspapers		All other segments		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)						(Restated)
ASSETS								
Segment assets	861,307	964,960	242,466	229,732	-	-	1,103,773	1,194,692
Available-for-sale financial asset	-	-	-	-	4,745	4,745	4,745	4,745
Cash and bank balances	-	-	-	-	1,735,602	1,653,132	1,735,602	1,653,132
Consolidated total assets	861,307	964,960	242,466	229,732	1,740,347	1,657,877	2,844,120	2,852,569
LIABILITIES								
Segment liabilities	183,291	178,410	20,013	14,618	-	-	203,304	193,028

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

	Revenue from external customers		Non-current assets	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)
Hong Kong (country of domicile)	1,166,923	1,309,370	603,001	663,734
Australia	14,310	15,347	228,699	214,539
	1,181,233	1,324,717	831,700	878,273

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

During the year, HK\$452,393,000 (2015: HK\$484,966,000) out of the Group's revenue of HK\$1,181,233,000 (2015: HK\$1,324,717,000) was contributed by two (2015: two) customers. No other single customers contributed 10% or more to the Group's revenue for both 2016 and 2015.

6. PROFIT FROM OPERATIONS

	2016 HK\$'000	2015 HK\$'000 (Restated)
Profit from operations is arrived at after charging/(crediting):		
Auditor's remuneration	1,071	1,309
Cost of inventories recognised as expense	228,867	300,732
Impairment losses on trade receivables	1,432	871
Depreciation:		
- Owned assets	66,122	67,686
- Leased assets	2,659	2,603
Amortisation of leasehold land	788	788
Net exchange (gain)/loss	(27)	37,361
Net gain on disposal of trademark	(1,790)	-
Net loss/(gain) on disposal and write off of property, plant and equipment	1,173	(538)
Operating lease charges in respect of buildings	4,748	6,365
Rental income from investment properties (excluding hotel property)	(8,609)	(8,619)
Less: Outgoings associated with rental income	882	1,270
Rental income from investment properties (excluding hotel property) less outgoings	(7,727)	(7,349)

7. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interest charges on borrowings wholly repayable within five years:		
Other loan	228	269
Finance leases	34	68
	262	337

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

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

	2016	2015
	HK\$'000	HK\$'000 (Restated)
Current tax		
- Hong Kong Profits Tax	11,435	13,733
- Overseas Income Tax	578	516
	12,013	14,249
Under provision in prior year:		
- Hong Kong	3	-
Deferred taxation		
- Current year	(2,345)	9,178
	9,671	23,427

9. DIVIDENDS

(a) Dividends attributable to the year

	2016	2015
	HK\$'000	HK\$'000
Interim dividend paid		
HK1 cent (2015: HK2 cents) per share	23,979	47,958
Proposed final dividend		
HK1 cent (2015: HK2 cents) per share	23,979	47,958
Proposed Special dividend		
HK2 cents (2015: Nil) per share	47,958	-
	95,916	95,916

A final dividend of HK1 cent (2015: final dividend of HK2 cents) per share and special dividend of HK2 cents per share (2015: Nil) have been proposed by the Board and is subject to the approval by the shareholders in the forthcoming annual general meeting.

(b) Dividends recognised as distributions during the year

	2016	2015
	HK\$'000	HK\$'000
2014 Final dividend	-	71,938
2015 Interim dividend	-	47,958
2015 Final dividend	47,958	-
2016 Interim dividend	23,979	-
	71,937	119,896

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK\$54,612,000 (2015: HK\$60,786,000 as restated) and on 2,397,917,898 (2015: 2,397,917,898) ordinary shares in issue during the year.

For the year ended 31 March 2016 and 2015, diluted earnings per share was the same as the basic earnings per share as there were no potential ordinary shares in issue for both years.

11. INVENTORIES

	2016 HK\$'000	2015 HK\$'000
Newsprint and printing materials	34,535	55,067
Spare parts and supplies	14,329	14,930
Others	2,007	1,733
	50,871	71,730

12. TRADE RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Trade receivables	172,046	190,256
Less: Allowance for doubtful debts	(4,171)	(2,859)
	167,875	187,397

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

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

	2016 HK\$'000	2015 HK\$'000
0 – 60 days	70,854	79,563
61 – 90 days	30,634	34,706
Over 90 days	66,387	73,128
	167,875	187,397

13. TRADE PAYABLES

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

	2016	2015
	HK\$'000	HK\$'000
0 – 60 days	17,712	20,666
61 – 90 days	873	813
Over 90 days	1,235	5,049
	19,820	26,528

14. BORROWINGS

	2016	2015
	HK\$'000	HK\$'000
Borrowings wholly repayable within five years:		
- Other loan	5,940	5,962
- Obligations under finance leases	5,882	8,038
	11,822	14,000
Less: Current portion due within one year included under current liabilities		
- Other loan	5,940	5,962
- Obligations under finance leases	2,023	2,156
	7,963	8,118
Non-current portion included under non-current liabilities		
- Obligations under finance leases	3,859	5,882

At 31 March 2016 and 2015, other loan denominated in Australian Dollars was made by a non-controlling shareholder of a subsidiary of the Company, unsecured, bearing interest at 4% per annum and repayable on demand.

The carrying amounts of borrowings approximate their fair value.

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

	Minimum lease payments		Present value of minimum lease payments	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Obligation under finance leases:				
Due within one year	2,045	2,190	2,023	2,156
Due in the second to fifth year	3,870	5,915	3,859	5,882
	5,915	8,105	5,882	8,038
Less: Future finance charges on finance leases	(33)	(67)		
Present value of lease obligations	5,882	8,038		
Less: Amount due for settlement within one year included under current liabilities			(2,023)	(2,156)
Amount due for settlement in the second to the fifth year included under non-current liabilities			3,859	5,882

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

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

RESULTS

For the year ended 31 March 2016 (the “Reporting Year”), the audited consolidated profit attributable to owners of Oriental Press Group Limited (the “Company”) amounted to HK\$54,612,000 and the total comprehensive income amounted to HK\$53,212,000.

DIVIDENDS

The directors of the Company (the “Director(s)”) recommend a final dividend of HK1 cent (2015: final dividend of HK2 cents) per share and special dividend of HK2 cents per share (2015: Nil) of the Company (the “Share(s)”) for the Reporting Year, payable to the shareholders of the Company (the “Shareholder(s)”) whose names appear on the Register of Members of the Company on 23 August 2016. Together with the paid interim dividend of HK1 cent (2015: Interim dividend of HK2 cents) per Share, the dividends for the Reporting Year amount to HK4 cents (2015: HK4 cents) per Share. The proposed final dividend and special dividend will be payable on or around 5 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 16 August 2016 to 17 August 2016 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending the annual general meeting of the Company (“AGM”) to be held on 17 August 2016 and voting in the meeting, all transfers accompanied with the relevant Share certificates must be deposited with the Company’s Share registrar, Tricor Friendly Limited, whose address is at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:00 p.m. on 15 August 2016.

Subject to Shareholders’ approval at the AGM, the proposed final dividend and special dividend will be distributed to the Shareholders whose names appear on the Register of Members of the Company on 23 August 2016. The Register of Members of the Company will be closed on 23 August 2016. In order to qualify for payment of the recommended final dividend and special dividend, all transfers accompanied with the relevant Share certificates must be deposited with the Company’s Share registrar, Tricor Friendly Limited, whose address is at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:00 p.m. on 22 August 2016.

COMMENTARY

“**Oriental Daily News**” continues to be the best-selling and most widely read newspaper in Hong Kong, and has been so for the last 40 consecutive years. It is truly “The Paper for Hong Kong”. “Oriental Daily News” has a strong news team of unswerving professionals who stand up to over-bearing power. Over decades, in pursuit of its mission to monitor the government, the newspaper has been committed to fulfilling the calling of the Fourth Estate by unveiling the dark side of society and expressing the voice of the people, thereby making it the most influential newspaper. With its quality readership of strong spending power, “Oriental Daily News” enjoys the full trust of its readers and extensive support from advertisers.

“**on.cc**”, the flagship online portal of the Group, is the new media business that the Group has been focusing in recent years. According to a summary analysis of Hong Kong 2015/2016 reports of comScore Media Metrix, an international market research company, “on.cc” was the news portal of the highest page views in Hong Kong, both in terms of the number of page views and the time of viewing; and it has recorded a historic high of 5.59 million monthly unique visitors, and more than 6.34 million downloads of mobile applications. “on.cc” has been enhancing its functions and the quality of its contents. In December 2015, “on.cc” launched a brand new mobile application “on.cc”, which combined the former “on.cc Hong Kong and Macau”, “on.cc Mainland China” and “on.cc Taiwan”, enabling readers to early access news and information of different regions. Readers being able to choose the push notification for news and information about news, entertainment, finance, sports, lifestyle, etc. “on.cc” further improved live reporting during the Reporting Year, enabling netizens to keep track of major live events anytime, anywhere. During the Mong Kok riot in February this year, “on.cc” reporters made overnight live coverage of the incident, bringing the most updated, timely and extensive news coverage to netizens. “Racecourse Boss”, a mobile application launched by “on.cc” to allow netizens to keep close track of the latest news on and off the racecourse, is

highly popular. The website “Win Magazine” (《彩報》) which provides information about horse racing, football and Mark Six, enriches and diversifies the contents of “on.cc”, thereby expanding its readership. “on.cc” has been partnering with international search engines such as Google and Yahoo for years, with numerous news stories reported by “on.cc” widely circulated on social networks. During the Reporting Year, “on.cc” even received an invitation from Facebook, an international social platform, to join hands to develop Instant Articles for fast reading, further extending the reach of “on.cc”.

“ontv”, an online television, keeps innovating its technology and contents. While providing latest videos of real-time news, “ontv” has also produced a variety of programmes, thereby expanding in the market of online television and increasing the Group’s influence. During the Reporting Year, “ontv” made live coverage of a number of major events which attracted extensive attention throughout Hong Kong. With a view to meeting the needs of various netizens, “ontv” produced diversified programmes including entertainment, finance and sports, which are well received by netizens. “ontv” also utilised social networks to share video clips with netizens, successfully attracting more readers. Meanwhile, it became the first media in Hong Kong to broadcast local entertainment events as well as sports events such as basketball and football live through online television. “ontv” is also the first online television to obtain authorisation from The Hong Kong Jockey Club and Hong Kong Football Association to make live report on Mark Six and “Hong Kong Premier League” respectively, which became the talk of the town and marked a new milestone for this media.

“Money 18” is one of the financial information websites with the highest page views in Hong Kong. The website provides stock information, recommendations on investment, real-time financial news, economic reviews, etc., among which, the real-time stock quote is the most popular with investors. After upgrading its real-time Shanghai stock data system in June 2015, “Money 18” launched real-time quote and chart of “CSI 300 Index” in February this year, enabling investors and users who watch the Mainland financial market to keep track of the movements of the Mainland stock market. “Money 18” keeps optimising its website and mobile application while enriching their contents. It has added a new feature to its mobile application to provide important financial news such as “Top 10 News to Read Before Market Opening” (開市10大必睇), “Top 10 Tips to Note after Market Close” (收市10大要知) and “Recommendations from 10 Experts” (10大名搶先教路), enabling users to receive most useful financial news at the earliest time possible. This has drawn continuous praises, further reinforcing the leading position of “Money 18” amongst financial websites. In addition, in view of a surge of property sale or lease deals at sharply reduced prices or rents amid the correction of the property market, “Money 18” keeps updating such information every day, drawing extensive praises from netizens.

“on.cc Superstar”, an entertainment information mobile application, enables netizens to receive entertainment updates anytime, anywhere. “on.cc Superstar” made aggressive moves at the end of last year by launching a series of entertainment programmes. Among these, the special programme “Star Wars: Quiz Show” (「巨星放題」) invited 21 artists to participate in quiz. Attractive because of the entertaining answers from participants and their total involvement, the programme has become highly popular and sought-after. As “on.cc Superstar” keeps bringing surprises to netizens, it has recorded a steady increase in its click through rate. On the other hand, the existing programme “on.cc Baby” (東網Baby) has also introduced games and contests to make it more recreational and interesting.

In relation to the Group’s overseas investments, each of the Group’s rental properties overseas has recorded satisfactory return, and has been generating steady rental income for the Group.

During the Reporting Year, the investor sentiment in Hong Kong further deteriorated amid the sluggish external economies and the slowdown in the economic growth of Mainland China. In February 2016, the value of total retail sales declined to a more-than-ten-year low. The Group’s revenues from advertising and distribution were also impacted by this external environment. The revenue from the printed media business decreased to HK\$1,082,500,000, representing a decline of approximately 13% compared with the same period last year. To address this problem of declining market share of printed media, the Group has suspended the publication of “Good News” and “The Sun” in March and April this year respectively. Subsequent thereto, the Group underwent a restructure and redeployed its resources, and this helped to reinforce the leading market position of “Oriental Daily News” and focus the Group’s resources on the website business. As a result of the suspension of publication of “The Sun”, the compensation paid by the Group to the staff being laid off during the Reporting Year amounted to HK\$9,399,000, while the production

costs decreased by approximately 24% compared with the same period last year, which may partly offset this additional expenses. Given the rapid development of technology today, the new media enjoys unlimited room for development, and it has become a general trend that the new media will take the place of traditional newspaper. Advertisers have been increasing their budgets for promotion in the new media. The business revenue from the Group's websites increased to HK\$73,867,000, representing an increase of approximately 25% as compared with the same period last year.

BUSINESS OUTLOOK

The Group will adjust its investment strategy in line with the development trend of the printing business in the market, and make efforts to streamline its structures to reduce costs and expenses. The Group will continue to invest resources to expand its website business. "on.cc" will continue with the professionalism and unremitting efforts of "Oriental Daily News" and provide netizens with unparalleled fast, accurate and detailed news coverage, continuing to exert substantial influence. By utilising the platforms of "Oriental Daily News" and "on.cc" to promote their products, advertisers will benefit from the synergistic effect of printed media and new media such as websites and videos. Highly efficient publicity will help the Group to increase its attractiveness to advertisers and thereby increase its advertising income. In addition, in response to the surging use of mobile applications, the Group will develop various mobile applications including mobile games, with a view to expanding its product scope and increasing revenue. The Group's "ontv" has made a breakthrough, obtaining outstanding results. Online television will continue to be one of the important development projects of the Group.

Oriental FA Limited, a subsidiary of the Group, has obtained a money lender's licence during the Reporting Year. The involvement in the credit business will help increase the Group's revenue. The Board believes that all industries will continue to face a challenging business environment in the year ahead, and that there will be a strong demand for working capital financing. Fortunately, with a huge cash reserve, the Group is well positioned to address the demand of the investment market and seize investment opportunities. The Group will also research additional investment projects such as real estates or hotels when appropriate, with a view to diversifying its business. The Board will adopt a cautious approach to the Group's performance in the next year.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital as at 31 March 2016 amounted to approximately HK\$1,844,045,000 (2015: HK\$1,820,350,000), which includes time deposits, bank balances and cash amounting to approximately HK\$1,735,602,000 (2015: HK\$ 1,653,132,000). As at 31 March 2016, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.4% (2015: 0.5%).

During the Reporting Year, the Group's capital expenditure was approximately HK\$12,299,000 (2015: HK\$35,622,000).

CONTINGENT LIABILITY

As at 31 March 2016, the Group had no material contingent liability.

EXPOSURE TO FOREIGN EXCHANGE

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group employed 1,667 employees (2015: 2,108). Remuneration for employees including medical benefits is determined based on industry practice, the performance and working experience of the employees, and the prevailing market conditions. The Group has implemented a training scheme to groom a new generation of journalists.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and the annual results for the Reporting Year with the management. The figures in the preliminary announcement of the Group's results for the Reporting Year have been agreed by the Group's auditors, HLM CPA Limited.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Following specific enquiries by the Company, all Directors have confirmed in writing their compliance with the required standards set out in the Model Code during the Reporting Year.

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

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

PUBLICATION OF ANNUAL REPORT

The 2016 annual report of the Company will be dispatched to the Shareholders and published on the websites of the Company and the Stock Exchange in due course.

ANNUAL GENERAL MEETING

The 2016 AGM will be held on Wednesday, 17 August 2016 and the Notice of AGM will be published and dispatched in the manner as required by the Listing Rules in due course.

On behalf of the Board
Ching-fat MA
Chairman

Hong Kong, 24 June 2016

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