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2016

ORIENTAL PRESS GROUP LTD

INTERIM REPORT

(Stock Code : 18)



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ching-fat MA, *BBS*
Chairman

Mr. Ching-choi MA
Vice Chairman

Mr. Shun-chuen LAM
Chief Executive Officer

Non-executive Director

Mr. Dominic LAI

Independent Non-executive Directors

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

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

INVESTMENT COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

COMPANY SECRETARY

Ms. Wai-chi LEUNG

SOLICITORS

Iu, Lai & Li, Solicitors

AUDITOR

HLM CPA Limited
Certified Public Accountants

BANKERS

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

REGISTERED OFFICE

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

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Friendly Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

The Stock Exchange of
Hong Kong Limited 18

CONTACT INFORMATION

Tel: +852 3600 1125
Fax: +852 3600 1100
e-mail: finance@on.cc

The board of directors (the "Board") of Oriental Press Group Limited (the "Company") announces that the unaudited consolidated results for the six months ended 30 September 2016 of the Company and its subsidiaries (collectively, 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 2016

		Six months ended	
	Notes	30.9.2016 (Unaudited) HK\$'000	30.9.2015 (Unaudited) HK\$'000 (Restated)
Revenue	5	507,269	603,727
Other income		19,848	19,211
Raw materials and consumables used		(90,549)	(122,531)
Staff costs including directors' emoluments		(287,232)	(380,877)
Depreciation		(29,718)	(34,166)
Net exchange loss		(480)	(14,382)
Other operating expenses		(60,359)	(77,114)
Net gain on disposal of trademark		–	1,780
Net gain/(loss) on disposal and write-off of property, plant and equipment		1,233	(1,617)
Profit/(loss) from operations		60,012	(5,969)
Finance costs		(149)	(151)
Profit/(loss) before tax		59,863	(6,120)
Income tax (expense)/credit	7	(8,800)	433
Profit/(loss) for the period		51,063	(5,687)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange loss on translation of financial statements of foreign operations		(191)	(5,247)
Other comprehensive expense for the period, net of tax		(191)	(5,247)
Total comprehensive income/(expenses) for the period		50,872	(10,934)

		Six months ended	
		30.9.2016	30.9.2015
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
			(Restated)
	Notes		
Profit/(loss) for the period attributable to:			
		51,112	(5,779)
		(49)	92
		<u>51,063</u>	<u>(5,687)</u>
Total comprehensive income/(expense) for the period attributable to:			
		50,932	(10,830)
		(60)	(104)
		<u>50,872</u>	<u>(10,934)</u>
Earnings/(loss) per share			
	9		
	– Basic	<u>HK2.13 cents</u>	<u>(HK0.24 cents)</u>
	– Diluted	<u>HK2.13 cents</u>	<u>(HK0.24 cents)</u>

Condensed Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2016

	Notes	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	554,200	584,522
Leasehold land		24,026	24,420
Investment properties	11	221,839	222,758
Available-for-sale financial asset		4,745	4,745
Deferred tax assets		29,009	27,125
		833,819	863,570
Current assets			
Inventories		58,956	50,871
Loan receivables	12	18,750	–
Trade receivables	13	137,689	167,875
Other debtors, deposits and prepayments		18,893	16,318
Taxation recoverable		4,015	9,884
Cash and bank balances		1,763,314	1,735,602
		2,001,617	1,980,550
Current liabilities			
Trade payables	14	17,489	19,820
Other creditors, accruals and deposits received		112,732	108,052
Taxation payable		11,403	670
Borrowings		8,300	7,963
		149,924	136,505
Net current assets		1,851,693	1,844,045
Total assets less current liabilities		2,685,512	2,707,615

	Notes	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000
Non-current liabilities			
Borrowings		2,842	3,859
Deferred tax liabilities		62,919	62,940
		<hr/>	<hr/>
		65,761	66,799
		<hr/>	<hr/>
Net assets		2,619,751	2,640,816
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	1,413,964	1,413,964
Reserves		1,202,541	1,223,546
		<hr/>	<hr/>
		2,616,505	2,637,510
Non-controlling interests		3,246	3,306
		<hr/>	<hr/>
Total equity		2,619,751	2,640,816
		<hr/> <hr/>	<hr/> <hr/>

Condensed Consolidated Statement of Cash Flow

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Six months ended	
	30.9.2016 (Unaudited) HK\$'000	30.9.2015 (Unaudited) HK\$'000 (Restated)
Cash flows from operating activities		
Profit/(loss) before tax	59,863	(6,120)
Adjustments for:		
Interest income	(3,764)	(6,008)
Interest expense	149	151
Impairment loss on trade receivables	930	1,433
Depreciation	29,718	34,166
Net exchange loss	480	14,382
Amortisation of leasehold land	394	394
Net (gain)/loss on disposal and write-off of property, plant and equipment	(1,233)	1,617
Operating profit before working capital changes	86,537	40,015
(Increase)/decrease in inventories	(8,085)	17,400
Increase in loan receivables	(18,750)	-
Decrease in trade receivables	29,256	3,117
Increase in other debtors, deposits and prepayments	(2,434)	(2,394)
Decrease in trade payables	(2,331)	(4,682)
Increase in other creditors, accruals and deposits received	4,680	23,077
Cash generated from operations	88,873	76,533
Income tax paid	(223)	(119)
Income tax refunded	6,098	407
Net cash generated from operating activities	94,748	76,821
Cash flows from investing activities		
Purchases of property, plant and equipment	(11,658)	(8,202)
Net proceeds from disposal of property, plant and equipment	13,632	4
Interest received	3,623	6,015
Net cash generated from/(used in) investing activities	5,597	(2,183)

	Six months ended	
	30.9.2016	30.9.2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
Cash flows from financing activities		
Dividends paid	(71,937)	(47,958)
Interest paid	(149)	(151)
Repayment of obligations under finance leases	(680)	(817)
	<hr/>	<hr/>
Net cash used in financing activities	(72,766)	(48,926)
	<hr/>	<hr/>
Net increase in cash and bank balances	27,579	25,712
Cash and bank balances at 1 April	1,735,602	1,653,132
Effect of changes in foreign exchange rate	133	(269)
	<hr/>	<hr/>
Cash and bank balances at 30 September	1,763,314	1,678,575
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Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Exchange reserve	Properties revaluation reserve	Retained profits	Proposed dividends			
	HK\$'000	HK\$'000 (Note)	HK\$'000 (Note)	HK\$'000 (Note)	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015 (As previously reported)	1,413,964	22,567	120,217	1,287,432	47,958	2,892,138	2,576	2,894,714
Prior year adjustment	-	-	(110,517)	(124,656)	-	(235,173)	-	(235,173)
At 1 April 2015 (audited and restated)	1,413,964	22,567	9,700	1,162,776	47,958	2,656,965	2,576	2,659,541
Dividends paid	-	-	-	-	(47,958)	(47,958)	-	(47,958)
Transactions with owners of the Company	-	-	-	-	(47,958)	(47,958)	-	(47,958)
Loss for the period	-	-	-	(5,779)	-	(5,779)	92	(5,687)
Other comprehensive expense for the period	-	-	-	-	-	-	-	-
– Exchange loss on translation of financial statements of foreign operations	-	(5,051)	-	-	-	(5,051)	(196)	(5,247)
Total comprehensive expense for the period	-	(5,051)	-	(5,779)	-	(10,830)	(104)	(10,934)
At 30 September 2015 (unaudited and restated)	1,413,964	17,516	9,700	1,156,997	-	2,598,177	2,472	2,600,649
At 1 April 2016 (audited)	1,413,964	20,437	9,700	1,193,409	-	2,637,510	3,306	2,640,816
Dividends paid	-	-	-	(71,937)	-	(71,937)	-	(71,937)
Transactions with owners of the Company	-	-	-	(71,937)	-	(71,937)	-	(71,937)
Profit for the period	-	-	-	51,112	-	51,112	(49)	51,063
Other comprehensive income for the period	-	-	-	-	-	-	-	-
– Exchange loss on translation of financial statements of foreign operations	-	(180)	-	-	-	(180)	(11)	(191)
Total comprehensive income for the period	-	(180)	-	51,112	-	50,932	(60)	50,872
At 30 September 2016 (unaudited)	1,413,964	20,257	9,700	1,172,584	-	2,616,505	3,246	2,619,751

Note: These reserve accounts comprise of the consolidated reserves of HK\$1,202,541,000 (six months ended 30 September 2015: HK\$1,184,213,000 as restated) in the condensed consolidated statement of financial position of the Group.

Notes to the Condensed Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

1. BASIS OF PREPARATION

The financial information relating to the year ended 31 March 2016 that is included in the interim condensed consolidated financial statements for the six months ended 30 September 2016 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year 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 Hong Kong Companies Ordinance (Cap. 622) is as follows:

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

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

This interim 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") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These interim condensed consolidated financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 March 2016.

The interim 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 in note 2, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group's financial statements for the year ended 31 March 2016.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The interim financial statements and selected explanatory notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. PRINCIPAL ACCOUNTING POLICIES

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

HKFRSs (Amendments) HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14 HKAS 1 (Amendments) HKAS 16 and HKAS 38 (Amendments)	Regulatory Deferral Accounts Disclosure Initiative Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments) HKAS 27 (Amendments)	Agriculture: Bearer Plants Equity Method in Separate Financial Statements

The application of the above new or revised 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 adjustment has been required.

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

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions ²
HKFRS 9 HKFRS 15 HKFRS 15 (Amendments)	Financial Instruments ² Revenue from Contracts with Customers ² Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
HKFRS 16 HKFRS 10 and HKAS 28 (Amendments)	Leases ³ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKAS 7 (Amendments) HKAS 12 (Amendments)	Disclosure Initiative ¹ Recognition of Deferred Tax Assets for Unrealised losses ¹

Notes:

- ¹ Effective for annual periods beginning on or after 1 January 2017, 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

3. PRIOR YEAR ADJUSTMENTS

During the year ended 31 March 2016, Hong Kong Science and Technology Parks Corporation ("HKSTP"), 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, the 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 consolidated financial statements. The surrender consideration as prescribed in the Lease Agreement does not conform to the definition of fair value as defined in HKFRS 13 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 HKFRS 13) 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 HKAS 16 rather than the use of the fair value model as previously reported.

As a result of this change in accounting policy, the Group's condensed consolidated statements of changes in equity as at 30 September 2015, and the condensed consolidated statements of profit or loss and other comprehensive income and cash flows for the six months ended 30 September 2015 together with certain explanatory notes have been restated to reflect the impact of this change.

Impact on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2015:

	Previously reported	Adjustment	Restated
	HK\$'000	HK\$'000	HK\$'000
Depreciation	(34,794)	628	(34,166)
Surplus on revaluation of buildings	6,570	(6,570)	-
Loss for the period attributable to:			
Owners of the Company	(6,407)	628	(5,779)
Total comprehensive expenses for the period attributable to:			
Owners of the Company	<u>(4,888)</u>	<u>(5,942)</u>	<u>(10,830)</u>

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 March 2016.

For the six months ended 30 September 2016, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. And, there were no reclassifications of financial assets.

5. REVENUE

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

	Six months ended	
	30.9.2016 (Unaudited) HK\$'000	30.9.2015 (Unaudited) HK\$'000
Publication of newspapers	444,814	558,882
Internet subscription and advertising income	51,804	32,138
Rental income from investment properties	3,521	4,346
License fee income from hotel property	2,913	2,891
Income from restaurant operation	4,217	5,470
	<u>507,269</u>	<u>603,727</u>

6. 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 includes rental income from investment properties, license fee income from hotel property and income from restaurant operation. Unallocated corporate income include the interest income from the money lending business.

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

6. SEGMENT INFORMATION (Continued)

	Publication of newspapers Six months ended		All other segments Six months ended		Total Six months ended	
	30.9.2016 (Unaudited) HK\$'000	30.9.2015 (Unaudited) HK\$'000 (Restated)	30.9.2016 (Unaudited) HK\$'000	30.9.2015 (Unaudited) HK\$'000	30.9.2016 (Unaudited) HK\$'000	30.9.2015 (Unaudited) HK\$'000 (Restated)
Reportable segment revenue from external customers	<u>496,618</u>	<u>591,020</u>	<u>10,651</u>	<u>12,707</u>	<u>507,269</u>	<u>603,727</u>
Reportable segment profit/(loss)	<u>62,679</u>	<u>8,909</u>	<u>(597)</u>	<u>1,802</u>	<u>62,082</u>	<u>10,711</u>
Unallocated corporate income					<u>15,781</u>	<u>17,406</u>
Unallocated corporate expenses					<u>(18,000)</u>	<u>(34,237)</u>
Profit/(loss) before tax					<u>59,863</u>	<u>(6,120)</u>
Other information						
Depreciation and amortisation	<u>(28,632)</u>	<u>(34,222)</u>	<u>(1,480)</u>	<u>(338)</u>	<u>(30,112)</u>	<u>(34,560)</u>
Additions to non-current assets (property, plant and equipment and investment properties) during the period	<u>855</u>	<u>8,332</u>	<u>10,803</u>	<u>601</u>	<u>11,658</u>	<u>8,933</u>

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	
	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000
ASSETS								
Segment assets	<u>816,264</u>	<u>861,307</u>	<u>251,113</u>	<u>242,466</u>	<u>-</u>	<u>-</u>	<u>1,067,377</u>	<u>1,103,773</u>
Available-for-sale financial asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,745</u>	<u>4,745</u>	<u>4,745</u>	<u>4,745</u>
Cash and bank balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,763,314</u>	<u>1,735,602</u>	<u>1,763,314</u>	<u>1,735,602</u>
Consolidated total assets	<u>816,264</u>	<u>861,307</u>	<u>251,113</u>	<u>242,466</u>	<u>1,768,059</u>	<u>1,740,347</u>	<u>2,835,436</u>	<u>2,844,120</u>
LIABILITIES								
Segment liabilities	<u>196,248</u>	<u>183,291</u>	<u>19,437</u>	<u>20,013</u>	<u>-</u>	<u>-</u>	<u>215,685</u>	<u>203,304</u>

6. SEGMENT INFORMATION (Continued)

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	
	Six months ended			
	30.9.2016 (Unaudited) HK\$'000	30.9.2015 (Unaudited) HK\$'000	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000
Hong Kong	500,835	596,490	562,812	603,001
Australia	6,434	7,237	237,253	228,699
	<u>507,269</u>	<u>603,727</u>	<u>800,065</u>	<u>831,700</u>

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 subsidiaries operate.

During the current interim period, HK\$201,144,000 (six months ended 30 September 2015: HK\$227,516,000) out of the Group's revenue of HK\$507,269,000 (six months ended 30 September 2015: HK\$603,727,000) was contributed by two (six months ended 30 September 2015: two) customers. No other single customer contributed 10% or more to the Group's revenue for both periods in 2016 and 2015.

7. INCOME TAX EXPENSE/(CREDIT)

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2015: 16.5%) on the estimated assessable profit for the period.

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

	Six months ended	
	30.9.2016 (Unaudited) HK\$'000	30.9.2015 (Unaudited) HK\$'000
Current tax:		
— Hong Kong Profits Tax	10,507	3,950
— Overseas Income Tax	221	—
	<u>10,728</u>	<u>3,950</u>
Deferred tax:		
— Current period	(1,928)	(4,383)
	<u>8,800</u>	<u>(433)</u>

8. DIVIDENDS

During the current interim period, a final dividend of HK1 cent (2015: HK2 cents) per share and a special dividend of HK2 cents per share (2015: Nil) in respect of the year ended 31 March 2016 was declared and paid to the owners of the Company. The aggregate of the final and special dividends declared and paid in the interim period amounts to HK\$71,937,000 (2015: HK\$47,958,000).

Subsequent to the end of the current interim period, the Directors have determined that an interim dividend of HK2 cents (2015: HK 1 cent) per share and special dividend of HK8 cents per share (2015: Nil) will be paid to the owners of the Company whose names appear on the Register of Members on 8 December 2016.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK\$51,112,000 (six months ended 30 September 2015: loss of HK\$5,779,000 as restated) and on 2,397,917,898 (six months ended 30 September 2015: 2,397,917,898) ordinary shares in issue during the period.

For the six months ended 30 September 2016 and 2015, diluted earnings/(loss) per share was the same as the basic earnings/(loss) per share as no potential ordinary shares were in issue for both periods.

10. 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\$12,399,000 (six months ended 30 September 2015: HK\$1,621,000) for sale proceeds of HK\$13,632,000 (six months ended 30 September 2015: HK\$4,000), resulting in a gain on disposal and write-off of HK\$1,233,000 (six months ended 30 September 2015: loss of HK\$1,617,000).

In addition, during the current interim period, the Group acquired property, plant and equipment of HK\$11,658,000 (six months ended 30 September 2015: HK\$8,993,000).

11. MOVEMENTS IN INVESTMENT PROPERTIES

No addition (six months ended 30 September 2015: Nil) of investment properties were made during the current interim period.

At the end of the current interim period, the Group's investment properties were valued by the Directors with reference to the market evidence of transaction prices for similar properties. There was no revaluation surplus or deficit arising from the revaluation of the investment properties as at 30 September 2016 (six months ended 30 September 2015: Nil). Consequently, no revaluation surplus or deficit has been recognised in the current interim period.

12. LOAN RECEIVABLES

The Group seeks to maintain strict control over its outstanding loan receivables to minimise credit risk. The grants of these loans were approved and monitored by the Group's management, whilst overdue balances are reviewed regularly for recoverability. Loan receivables bear interest at rates ranging from 7.0% per annum to 7.2% per annum (31 March 2016: Nil), mutually agreed between the contracting parties and repayable within one year.

At 30 September 2016, all loan receivables were secured by the properties in Hong Kong.

12. LOAN RECEIVABLES (Continued)

The fair values of the Group's loan receivables at the end of the reporting period are determined based on the present value of the estimate future cash flows discounted using the prevailing market rate at the end of each reporting period. The fair values of the Group's loan receivables approximate to the corresponding carrying amounts of the loan receivables.

Loan receivables as at the end of the reporting period were neither past due nor impaired. The loan receivables have been reviewed by the Directors to assess impairment which are based on the evaluation of collectability, aging analysis of accounts and on their judgement, including the current creditworthiness and the past collection statistics, the Directors consider that no impairment is required to be provided during the period.

13. 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 balances relate.

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

	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000
0—60 days	70,867	70,854
61—90 days	24,128	30,634
Over 90 days	42,694	66,387
	137,689	167,875

14. 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:

	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000
0—60 days	15,861	17,712
61—90 days	61	873
Over 90 days	1,567	1,235
	17,489	19,820

15. SHARE CAPITAL

	Number of shares	HK\$'000
Issued and fully paid:		
At 1 April 2015, 30 September 2015, 1 April 2016 and 30 September 2016, ordinary shares with no par value	<u>2,397,917,898</u>	<u>1,413,964</u>

16. 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:

	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000
Within one year	<u>264</u>	<u>1,360</u>

The Group leases a number of premises under operating leases. The leases run for an initial period of half to three years, with an option to renew the lease terms and negotiate 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.

17. 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:

	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000
Within one year, inclusive	10,258	8,196
In the second to fifth years	45,302	2,366
After five years	18,842	–
	<u>74,402</u>	<u>10,562</u>

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

18. RELATED PARTIES TRANSACTIONS

The Group paid legal fees amounting to HK\$476,000 (six months ended 30 September 2015: HK\$143,000) to Messrs. lu, Lai & Li. Mr. Dominic LAI, a non-executive Director, 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 price.

The remuneration of key management personnel during the interim period was as follows:

	30.9.2016 (Unaudited) HK\$'000	30.9.2015 (Unaudited) HK\$'000
Salary and short-term benefit	17,160	17,339
Post-employment benefit	27	27
	<u><u>17,187</u></u>	<u><u>17,366</u></u>

19. CAPITAL COMMITMENTS

	30.9.2016 (Unaudited) HK\$'000	31.3.2016 (Audited) HK\$'000
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	196	413
	<u><u>196</u></u>	<u><u>413</u></u>

20. OUTSTANDING LITIGATIONS

At the end of the reporting period, there were 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 that might arise from the litigations.

21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Board of Directors on 18 November 2016.

Management Discussion and Analysis

RESULTS

For the six months ended 30 September 2016 (the “Reporting Period”), the unaudited consolidated profit attributable to owners of Oriental Press Group Limited (the “Company”) amounted to HK\$51,112,000. As compared to the loss of HK\$5,779,000 (restated) for the corresponding period of last year, the Company recorded satisfactory results.

FINANCIAL RESOURCES AND LIQUIDITY

The Company, together with its subsidiaries, (collectively, the “Group”) always maintains a strong liquidity. The working capital as at 30 September 2016 amounted to HK\$1,851,693,000 (31 March 2016: HK\$1,844,045,000), which includes time deposits, bank balances and cash amounting to HK\$1,763,314,000 (31 March 2016: HK\$1,735,602,000). As at 30 September 2016, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 0.4% (31 March 2016: 0.4%).

During the Reporting Period, the Group’s capital expenditure was HK\$11,658,000 (31 March 2016: HK\$12,299,000).

DIVIDENDS

The directors of the Company (the “Directors”) recommend an interim dividend of HK2 cents (2015: HK1 cent) per share and special dividend of HK8 cents per share (2015: Nil) of the Company (the “Share(s)”) for the Reporting Period, payable to the shareholders of the Company (the “Shareholder(s)”) whose names appear on the Register of Members of the Company on 8 December 2016. The proposed interim dividend and special dividend will be payable on or around 16 December 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 7 December 2016 to 8 December 2016 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the interim 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:00 p.m. on 6 December 2016.

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 40 consecutive years. It is truly “The Paper for Hong Kong”. Despite the rapid development of the new media in recent years, “Oriental Daily News” continues to take the lead in the industry, gaining success because of its strength. “Oriental Daily News” has been playing the role of the Fourth Estate in monitoring the government. In particular, its outstanding in-depth reports and exclusive news are highly commended by readers of all classes. With its quality readership, “Oriental Daily News” has successfully attracted a large number of advertisements for high-end and luxury goods, including properties, cars, banks and medical care, generating satisfactory advertising income for the Group.

“**on.cc**”, the flagship online portal of the Group, is also the new media business that the Group has been focusing in recent years. According to a summary analysis of the first two quarters in 2016 in Hong Kong conducted by comScore Media Metrix, an international market research company, “on.cc” continued to be the news portal of the largest number of page views and the longest time of viewing in Hong Kong; and it has recorded 5.59 million monthly unique visitors, and more than 6.68 million downloads of mobile applications. During the Reporting Period, “on.cc” has enhanced the interaction with netizens, including providing the Emoji function and optimising the “iReport” function of the mobile application, making it easy for netizens to provide real-time videos and photos. Newly launched columns including “UEFA European Championship” and “Premier League”, diversify the contents of “on.cc”. With these efforts, “on.cc” has successfully enlarged its reader group. In addition, “Passion Island” (熱愛島), a member zone newly added to the mobile application “Racecourse Boss” to provide the latest news in and outside the racecourse, is highly popular with horse racing fans. During the Legislative Council Election held in September this year, “on.cc” reporters made overnight live coverage to bring the most updated, timely and detailed news to netizens. Their professionalism and unremitting efforts were highly applauded.

“**ontv**”, an online television, not only provides the latest videos of real-time news, but also produces diversified special collections and programmes to cater for various tastes of netizens. During the Reporting Period, “ontv” utilised online television technology and Facebook, an international social platform, to make simultaneous live coverage of the Mini-storage Fire and the Legislative Council Election, providing detailed first-hand news. “ontv” was the first media in Hong Kong to broadcast sports events “Grim Sport 2016 Mixed Combat Competition” and “2016 Mega Ice — Hockey 5’s Final”, thereby promoting the healthy and dynamic image of “ontv” and attracting a larger number of young netizens of all kinds.

“**Money 18**” is one of the financial information websites with the highest page views in Hong Kong. The feature “Live information by industries” launched in August this year provides the most meticulous and detailed information by industries among all financial websites in Hong Kong. It helps investors to obtain important information by industries. “Money 18” keeps optimising its website and mobile application while enriching their contents. During the Reporting Period, “Money 18” launched a series of specialised websites in wealth management and properties, such as “Wealth Ideas” (致富智庫), “New Property Guide” (新盤置喺睇) and “Resale Property Guide” (二手置喺Feel). These websites supplement the information of “Money 18”, making it more popular with readers while further reinforcing its leading position among financial websites.

“**on.cc Superstar**”, an entertainment information mobile application, has seen a continuous increase in the number of downloads (which has exceeded 100,000) since its launch. During the Reporting Period, the programmes of “on.cc Superstar” have been further diversified. “Celeb Charm” (星魅博), a new programme featuring fashion of artists and celebrities, was launched. “Metaphysics and Astrology” (玄學星相), which explores entertainment topics from the perspective of metaphysics, and “on.cc Baby”, which features sexy beauties, are quality programmes. Programmes with celebrities as guests are also highly appreciated. For example, “Master Fat Shows You How” (發字精神) with Chow Yun Fat as guest, and “Chit Chat with Leon” (黎明話你知) with Leon Lai as guest, gave rise to heated discussions.

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

During the Reporting Period, the policy implemented by the Group to cut down expenditure obtained substantial results. This, coupled with stable exchange rate of Australian dollar, contributed to an unaudited consolidated profit of HK\$51,112,000 to the Group. As a result of the impact of the weakness in the retail industry and the Group ceased the publication of “Good News” and “The Sun”, the Group’s revenue decreased to HK\$444,814,000, representing a decrease of 20% as compared with the same period last year. Given the continuous growth of the new media in the market, the Group has accelerated its transformation and utilised various platforms to attract advertisements. Therefore, the revenue from the Group’s website business increased to HK\$51,804,000, representing a rise of 61% as compared with the same period last year. The newly commenced money lending business has made contribution to the Group’s revenue. Given the keen competition in the money lending market, the Group aims to attract customers in the first place before adjusting the interest rate to increase revenue.

BUSINESS OUTLOOK

In response to the gradual decline in the revenue from the newspaper business, the Group will invest more resources to develop “on.cc” and “ontv”, with a view to gaining a larger share in the market of young people, while seeking more partners to expand the website business and developing various forms of mobile applications. On the other hand, the Group will continue with its business integration and structural streamlining, in an effort to maximise operating efficiency.

Given the Group’s huge cash reserve, the Board is in the process of researching new projects and will make investment decisions when appropriate, with a view to increasing the returns to shareholders.

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 30 September 2016, the Group employed 1,554 (31 March 2016: 1,667) employees. Remuneration for employees including medical benefits is determined based on industry practice, the performance and working experience of the employees, and the prevailing market conditions. The Group has implemented a training scheme to groom a new generation of journalists.

Other Information

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “Audit Committee”) comprises two independent non-executive Directors and one non-executive Director. The Audit Committee has reviewed the unaudited interim financial statements for the six months ended 30 September 2016 and has no disagreement with the accounting treatment adopted.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the Reporting Period. 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 (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the Company’s Model Code for Directors’ securities transactions.

Following specific enquiries by the Company, all Directors have confirmed in writing their compliance with the required standards set out in the Model Code for the six months ended 30 September 2016.

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

During the Reporting 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 SFO) which were required (a) to be recorded in the register required to be kept by the Company under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2016 were as follows:

Interests in the Company

Name of Director	Capacity	Number of ordinary Shares held				Note	Percentage of shareholding
		Personal interests	Family interests	Corporate interests	Other interests (Long position)		
Ching-fat MA	Founder of a discretionary trust	-	-	-	1,552,651,284	(i)	64.75%
	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 57.3% interest in Magicway Investment Limited and the entire issued share capital of Ever Holdings Limited. Magicway Investment Limited and Ever Holdings Limited in turn hold 1,222,941,284 Shares and 329,710,000 Shares respectively. Mr. Ching-fat MA, as the founder of Marsun Trust, is deemed to be interested in the same parcel of Shares comprised in the trust assets of Marsun Trust under the SFO.
- (ii) Mr. Ching-fat MA 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. 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. 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. 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. 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 or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein as at 30 September 2016.

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 2016 were as follows:

Interests in the Company

Name	Capacity	Number of ordinary Shares (Long position)	Note	Percentage of shareholding
Marsun Group Limited	Trustee	1,552,651,284	(i)	64.75%
Marsun Holdings Limited	Interest of controlled corporations	1,552,651,284	(ii)	64.75%
Magicway Investment Limited	Beneficial owner	1,222,941,284		51.00%
Ever Holdings Limited	Beneficial owner	329,710,000		13.75%
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 57.3% interest in Magicway Investment Limited and the entire issued share capital of Ever Holdings Limited through its wholly-owned subsidiary, Marsun Holdings Limited. Magicway Investment Limited and Ever Holdings Limited in turn hold 1,222,941,284 Shares and 329,710,000 Shares respectively. Marsun Group Limited, as the trustee of Marsun Trust, is deemed to be interested in the same parcel of Shares comprised in the trust assets of Marsun Trust under the SFO.
- (ii) Marsun Holdings Limited holds 57.3% interest in Magicway Investment Limited and the entire issued share capital of Ever Holdings Limited and is, by virtue of its interest in Magicway Investment Limited and Ever Holdings Limited, deemed to be interested in the same parcel of Shares in which Magicway Investment Limited and Ever Holdings Limited are interested.
- (iii) 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. 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.
- (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.

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 2016.

On behalf of the Board
Ching-fat MA
Chairman

Hong Kong, 18 November 2016