

ORIENTAL PRESS GROUP LTD

(Stock Code : 18)

# INTERIM REPORT

# 2017



# 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](mailto: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 2017 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 2017

	Notes	Six months ended	
		30.9.2017 (Unaudited) HK\$'000	30.9.2016 (Unaudited) HK\$'000
Revenue	4	494,041	507,269
Other income		22,036	19,848
Raw materials and consumables used		(79,870)	(90,549)
Staff costs including directors' emoluments		(281,206)	(287,232)
Depreciation		(26,922)	(29,718)
Net exchange gain/(loss)		5,905	(480)
Other operating expenses		(55,789)	(60,359)
Net (loss)/gain on disposal and write-off of property, plant and equipment		(225)	1,233
<b>Profit from operations</b>		<b>77,970</b>	60,012
Finance costs		(156)	(149)
<b>Profit before tax</b>		<b>77,814</b>	59,863
Income tax expense	6	(9,606)	(8,800)
<b>Profit for the period</b>		<b>68,208</b>	51,063
<b>Other comprehensive income/(expense): Item that may be reclassified subsequently to profit or loss:</b>			
— Exchange gain/(loss) on translation of financial statements of foreign operations		3,280	(191)
<b>Other comprehensive income/(expense) for the period, net of tax</b>		<b>3,280</b>	(191)
<b>Total comprehensive income for the period</b>		<b>71,488</b>	50,872

		<b>Six months ended</b>	
		<b>30.9.2017</b>	30.9.2016
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	HK\$'000
	Note		
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>67,923</b>	51,112
Non-controlling interests		<b>285</b>	(49)
		<u><b>68,208</b></u>	<u>51,063</u>
<b>Total comprehensive income/(expense) for the period attributable to:</b>			
Owners of the Company		<b>71,044</b>	50,932
Non-controlling interests		<b>444</b>	(60)
		<u><b>71,488</b></u>	<u>50,872</u>
<b>Earnings per share</b>			
– Basic	8	<u><b>HK2.83 cents</b></u>	<u>HK2.13 cents</u>
– Diluted		<u><b>HK2.83 cents</b></u>	<u>HK2.13 cents</u>

# Condensed Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2017

	Notes	30.9.2017 (Unaudited) HK\$'000	31.3.2017 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	493,040	518,156
Leasehold land		23,238	23,632
Investment properties	10	332,311	322,987
Available-for-sale financial asset		4,745	4,745
Deferred tax assets		13,506	12,877
		<b>866,840</b>	<b>882,397</b>
<b>Current assets</b>			
Inventories		56,371	57,770
Loan and interest receivables	11	43,816	18,750
Trade receivables	12	130,755	119,403
Other debtors, deposits and prepayments		19,362	18,704
Taxation recoverable		5,119	5,530
Cash and bank balances		1,497,661	1,575,157
		<b>1,753,084</b>	<b>1,795,314</b>
<b>Current liabilities</b>			
Trade payables	13	15,473	19,282
Other creditors, accruals and deposits received		80,019	71,018
Taxation payable		20,926	11,365
Borrowings		9,893	9,469
		<b>126,311</b>	<b>111,134</b>
<b>Net current assets</b>		<b>1,626,773</b>	<b>1,684,180</b>
<b>Total assets less current liabilities</b>		<b>2,493,613</b>	<b>2,566,577</b>

	Note	30.9.2017 (Unaudited) HK\$'000	31.3.2017 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Borrowings		921	1,824
Deferred tax liabilities		68,208	67,883
		<u>69,129</u>	<u>69,707</u>
<b>Net assets</b>		<u><b>2,424,484</b></u>	<u>2,496,870</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	1,413,964	1,413,964
Reserves		1,004,264	1,077,094
		<u>2,418,228</u>	<u>2,491,058</u>
<b>Non-controlling interests</b>		<u>6,256</u>	<u>5,812</u>
<b>Total equity</b>		<u><b>2,424,484</b></u>	<u>2,496,870</u>

# Condensed Consolidated Statement of Cash Flow

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended	
	30.9.2017 (Unaudited) HK\$'000	30.9.2016 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	77,814	59,863
Adjustments for:		
Interest income	(5,672)	(3,764)
Interest expense	156	149
Impairment loss on trade receivables	180	930
Depreciation	26,922	29,718
Net exchange (gain)/loss	(5,905)	480
Amortisation of leasehold land	394	394
Net loss/(gain) on disposal and write-off of property, plant and equipment	225	(1,233)
	<hr/>	<hr/>
<b>Operating profit before working capital changes</b>	<b>94,114</b>	86,537
Decrease/(increase) in inventories	1,399	(8,085)
Increase in loan and interest receivables	(25,000)	(18,750)
(Increase)/decrease in trade receivables	(11,532)	29,256
Increase in other debtors, deposits and prepayments	(1,920)	(2,434)
Decrease in trade payables	(3,809)	(2,331)
Increase in other creditors, accruals and deposits received	9,001	4,680
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>62,253</b>	88,873
Income tax paid	(369)	(223)
Income tax refunded	-	6,098
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>61,884</b>	94,748
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	<b>Six months ended</b>	
	<b>30.9.2017</b>	30.9.2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	<b>(1,974)</b>	(11,658)
Net proceeds from disposal of property, plant and equipment	<b>73</b>	13,632
Interest received	<b>6,868</b>	3,623
	<hr/>	<hr/>
<b>Net cash generated from investing activities</b>	<b>4,967</b>	5,597
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Dividends paid	<b>(143,874)</b>	(71,937)
Interest paid	<b>(156)</b>	(149)
Repayment of obligations under finance leases	<b>(695)</b>	(680)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(144,725)</b>	(72,766)
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and bank balances</b>	<b>(77,874)</b>	27,579
<b>Cash and bank balances at 1 April</b>	<b>1,575,157</b>	1,735,602
Effect of changes in foreign exchange rate	<b>378</b>	133
	<hr/>	<hr/>
<b>Cash and bank balances at 30 September</b>	<b>1,497,661</b>	1,763,314
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# Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Equity attributable to owners of the Company					Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Exchange reserve HK\$'000 (Note)	Properties revaluation reserve HK\$'000 (Note)	Retained profits HK\$'000 (Note)	Total HK\$'000		
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 (Note 7)	-	-	-	(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)	<u>1,413,964</u>	<u>20,257</u>	<u>9,700</u>	<u>1,172,584</u>	<u>2,616,505</u>	<u>3,246</u>	<u>2,619,751</u>
At 1 April 2017 (audited)	1,413,964	21,825	9,700	1,045,569	2,491,058	5,812	2,496,870
Dividends paid (Note 7)	-	-	-	(143,874)	(143,874)	-	(143,874)
Transactions with owners of the Company	-	-	-	(143,874)	(143,874)	-	(143,874)
Profit for the period	-	-	-	67,923	67,923	285	68,208
Other comprehensive income for the period							
– Exchange gain on translation of financial statements of foreign operations	-	3,121	-	-	3,121	159	3,280
Total comprehensive income for the period	-	3,121	-	67,923	71,044	444	71,488
<b>At 30 September 2017 (unaudited)</b>	<b><u>1,413,964</u></b>	<b><u>24,946</u></b>	<b><u>9,700</u></b>	<b><u>969,618</u></b>	<b><u>2,418,228</u></b>	<b><u>6,256</u></b>	<b><u>2,424,484</u></b>

Note: These reserve accounts comprise of the consolidated reserves of HK\$1,004,264,000 (six months ended 30 September 2016: HK\$1,202,541,000) 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 2017

### 1. BASIS OF PREPARATION

The financial information relating to the year ended 31 March 2017 that is included in the interim condensed consolidated financial statements for the six months ended 30 September 2017 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 2017 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 2017.

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 2017 are the same as those followed in the preparation of the Group's financial statements for the year ended 31 March 2017.

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 HKFRSs and amendments to Hong Kong Accounting Standards (“HKASs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRSs	Amendments to HKFRS 12 included in annual Improvements to HKFRSs 2014–2016 Cycle

The application of the above new HKFRSs and amendments to HKASs 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 or revised HKFRSs and revised HKASs, that have been issued but are not yet effective. The directors of the Company (the “Directors”) anticipate that the application of these new or revised HKFRSs and revised HKASs 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 <sup>1</sup>
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle except amendments to HKFRS 12 <sup>1</sup>
HKAS 40 (Amendments)	Transfers of Investment Property <sup>1</sup>
HK (IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK (IFRIC) — Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>

Notes:

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective date to be determined

### 3. 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 2017.

For the six months ended 30 September 2017, 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.

### 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 period is as follows:

	Six months ended	
	30.9.2017 (Unaudited) HK\$'000	30.9.2016 (Unaudited) HK\$'000
Publication of newspapers	423,607	444,814
Internet subscription and advertising income	57,576	51,804
Rental income from investment properties	3,790	3,521
License fee income from hotel property	5,063	2,913
Income from restaurant operation	4,005	4,217
	<hr/>	<hr/>
	494,041	507,269
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### 5. 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.

**5. SEGMENT INFORMATION** (Continued)

Reportable segment revenue represented turnover of the Group in the condensed consolidated statement of profit or loss and other comprehensive income. Segment profit/(loss) 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:

	Publication of newspapers		All other segments		Total	
	Six months ended		Six months ended		Six months ended	
	30.9.2017 (Unaudited) HK\$'000	30.9.2016 (Unaudited) HK\$'000	30.9.2017 (Unaudited) HK\$'000	30.9.2016 (Unaudited) HK\$'000	30.9.2017 (Unaudited) HK\$'000	30.9.2016 (Unaudited) HK\$'000
Reportable segment revenue from external customers	<u>481,183</u>	<u>496,618</u>	<u>12,858</u>	<u>10,651</u>	<u>494,041</u>	<u>507,269</u>
Reportable segment profit/(loss)	<u>73,969</u>	<u>62,679</u>	<u>2,172</u>	<u>(597)</u>	<u>76,141</u>	<u>62,082</u>
Unallocated corporate income					20,184	15,781
Unallocated corporate expenses					<u>(18,511)</u>	<u>(18,000)</u>
Profit before tax					<u>77,814</u>	<u>59,863</u>
<b>Other information</b>						
Depreciation and amortisation	<b>(26,909)</b>	(28,632)	<b>(407)</b>	(1,480)	<b>(27,316)</b>	(30,112)
Additions to non-current assets (property, plant and equipment and investment properties) during the period	<u>1,761</u>	<u>855</u>	<u>213</u>	<u>10,803</u>	<u>1,974</u>	<u>11,658</u>

## 5. 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	
	30.9.2017	31.3.2017	30.9.2017	31.3.2017	30.9.2017	31.3.2017	30.9.2017	31.3.2017
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>								
Segment assets	775,907	766,605	341,611	331,204	-	-	1,117,518	1,097,809
Available-for-sale financial asset	-	-	-	-	4,745	4,745	4,745	4,745
Cash and bank balances	-	-	-	-	1,497,661	1,575,157	1,497,661	1,575,157
<b>Consolidated total assets</b>	<b>775,907</b>	<b>766,605</b>	<b>341,611</b>	<b>331,204</b>	<b>1,502,406</b>	<b>1,579,902</b>	<b>2,619,924</b>	<b>2,677,711</b>
<b>LIABILITIES</b>								
Segment liabilities	152,702	136,163	42,738	44,678	-	-	195,440	180,841

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

	Revenue from external customers		Non-current assets	
	Six months ended			
	30.9.2017	30.9.2016	30.9.2017	31.3.2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (country of domicile)	485,188	500,835	511,762	537,237
Australia	8,853	6,434	336,827	327,538
	<b>494,041</b>	<b>507,269</b>	<b>848,589</b>	<b>864,775</b>

The geographical location of customers is determined based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets (other than financial assets 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 assets and deferred tax assets), country of domicile is determined by reference to the country where the major business activities of the Company's subsidiaries operate.

During the current interim period, HK\$213,911,000 (six months ended 30 September 2016: HK\$201,144,000) out of the Group's revenue of HK\$494,041,000 (six months ended 30 September 2016: HK\$507,269,000) was contributed by two (six months ended 30 September 2016: two) customers. No other single customer contributed 10% or more to the Group's revenue for both periods in 2017 and 2016.

## 6. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2016: 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 Company/subsidiaries operates.

	<b>Six months ended</b>	
	<b>30.9.2017 (Unaudited) HK\$'000</b>	30.9.2016 (Unaudited) HK\$'000
Current tax:		
– Hong Kong Profits Tax	<b>10,740</b>	10,507
– Overseas Income Tax	<b>214</b>	221
	<b>10,954</b>	10,728
Over provision in prior period:		
– Hong Kong Profits Tax	<b>(11)</b>	–
– Overseas Income Tax	<b>(597)</b>	–
	<b>(608)</b>	–
Deferred tax:		
– Current period	<b>(740)</b>	(1,928)
Income tax expense	<b>9,606</b>	8,800

## 7. DIVIDENDS

During the current interim period, a final dividend of HK4 cents (2016: HK1 cent) per share and a special dividend of HK2 cents (2016: HK2 cents) per share in respect of the year ended 31 March 2017 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\$143,874,000 (2016: HK\$71,937,000).

Subsequent to the end of the current interim period, the Directors have determined that an interim dividend of HK2 cents (2016: interim dividend of HK2 cents and special dividend of HK8 cents) per share will be paid to the owners of the Company whose names appear on the Register of Members on 7 December 2017.

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK\$67,923,000 (six months ended 30 September 2016: HK\$51,112,000) and on 2,397,917,898 (six months ended 30 September 2016: 2,397,917,898) ordinary shares in issue during the period.

For the six months ended 30 September 2017 and 2016, diluted earnings per share was the same as the basic earnings per share as no potential ordinary shares were in issue for both periods.

## 9. 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\$298,000 (six months ended 30 September 2016: HK\$12,399,000) for sale proceeds of HK\$73,000 (six months ended 30 September 2016: HK\$13,632,000), resulting in a loss on disposal and write-off of HK\$225,000 (six months ended 30 September 2016: gain of HK\$1,233,000).

In addition, during the current interim period, the Group acquired property, plant and equipment of HK\$1,974,000 (six months ended 30 September 2016: HK\$11,658,000).

## 10. MOVEMENTS IN INVESTMENT PROPERTIES

No addition (six months ended 30 September 2016: 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 2017 (six months ended 30 September 2016: Nil). Consequently, no revaluation surplus or deficit has been recognised in the current interim period.

## 11. LOAN AND INTEREST RECEIVABLES

Loan receivables bear interest at rates ranging from 6.8% per annum to 18.0% per annum (31 March 2017: 7.0% per annum to 7.2% per annum), with fixed terms of repayment or repayable on demand.

At 30 September 2017, all loan receivables were secured by properties in Hong Kong.

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 for the period.

## 12. 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:

	<b>30.9.2017</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2017 (Audited) HK\$'000
0 – 60 days	<b>64,528</b>	56,316
61 – 90 days	<b>23,990</b>	21,168
Over 90 days	<b>42,237</b>	41,919
	<b>130,755</b>	119,403



### 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:

	<b>30.9.2017 (Unaudited) HK\$'000</b>	31.3.2017 (Audited) HK\$'000
0 — 60 days	<b>13,251</b>	16,558
61 — 90 days	<b>60</b>	796
Over 90 days	<b>2,162</b>	1,928
	<b>15,473</b>	19,282

### 14. SHARE CAPITAL

	<b>Number of shares</b>	<b>HK\$'000</b>
Issued and fully paid:		
At 1 April 2016, 31 March 2017, 1 April 2017 and 30 September 2017, ordinary shares with no par value	<u>2,397,917,898</u>	<u>1,413,964</u>

### 15. 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:

	<b>30.9.2017 (Unaudited) HK\$'000</b>	31.3.2017 (Audited) HK\$'000
Within one year	<b>2,502</b>	1,662
In the second to fifth years inclusive	<b>9,590</b>	80
	<b>12,092</b>	1,742

The Group leases a number of printing equipment and premises under operating leases. The leases run for an initial period of half to five 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.

## 16. 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:

	<b>30.9.2017 (Unaudited) HK\$'000</b>	31.3.2017 (Audited) HK\$'000
Within one year	<b>20,790</b>	14,659
In the second to fifth years inclusive	<b>66,815</b>	54,381
Over five years	<b>6,582</b>	12,795
	<b><u>94,187</u></b>	<u>81,835</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.

## 17. RELATED PARTIES TRANSACTIONS

The Group paid legal fees amounting to HK\$155,000 (six months ended 30 September 2016: HK\$476,000) to Messrs. Iu, Lai & Li. Mr. Dominic LAI, a non-executive Director, is a senior partner of Messrs. Iu, 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:

	<b>Six months ended</b>	
	<b>30.9.2017 (Unaudited) HK\$'000</b>	30.9.2016 (Unaudited) HK\$'000
Salary and short-time benefit	<b>17,170</b>	17,160
Post-employment benefit	<b>27</b>	27
	<b><u>17,197</u></b>	<u>17,187</u>

## 18. CAPITAL COMMITMENTS

	<b>30.9.2017</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2017 (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	<b>114</b>	114

## 19. 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.

## 20. EVENT AFTER REPORTING PERIOD

On 11 October 2017, an indirect wholly-owned subsidiary of the Company (the "Purchaser"), entered into a provisional sale and purchase agreement with, among others, the vendors ("Vendors") and the Vendors' guarantor ("Provisional Sale and Purchase Agreement"). Pursuant to which the Vendors agreed to sell and assign, and the Purchaser agreed to purchase the entire issued share capital of Safety Corporation Limited ("SCL") and acquire the benefits of the aggregate loans owing by SCL to the Vendors and their associates as at completion date for the consideration at the purchase price of HK\$216,190,000 which is subject to the completion adjustment and the post-completion adjustment in accordance with the terms and conditions of the Provisional Sale and Purchase Agreement. SCL is principally engaged in property holding.

The conditions precedent as set out in the Provisional Sale and Purchase Agreement have not yet been completed at the date of issuance of these interim financial statements.

## 21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Board of Directors on 16 November 2017.

# Management Discussion and Analysis

## RESULTS

For the six months ended 30 September 2017 (the “Reporting Period”), the unaudited consolidated profit attributable to owners of Oriental Press Group Limited (the “Company”) amounted to HK\$67,923,000. As compared to same period last year, the profit increased HK\$16,811,000, representing a rise of 33%.

## 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 2017 amounted to HK\$1,626,773,000 (31 March 2017: HK\$1,684,180,000), which includes time deposits, bank balances and cash amounting to HK\$1,497,661,000 (31 March 2017: HK\$1,575,157,000). As at 30 September 2017, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 0.4% (31 March 2017: 0.4%).

During the Reporting Period, the Group’s capital expenditure was HK\$1,974,000 (31 March 2017: HK\$28,832,000).

## DIVIDENDS

The directors of the Company (the “Directors”) recommend an interim dividend of HK2 cents (2016: interim dividend of HK2 cents and special dividend of HK8 cents) per share 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 7 December 2017. The proposed interim dividend will be payable on or around 15 December 2017.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 6 December 2017 to 7 December 2017 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the interim 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 4:30 p.m. on 5 December 2017.

## BUSINESS REVIEW

**“Oriental Daily News”** continues to be the best-selling and most widely read newspaper in Hong Kong, and has so remained the last 41 consecutive years. It is truly “The Paper for Hong Kong”. Over years of intense printed media competition in Hong Kong, only the fittest survives; “Oriental Daily News” has apparently stood out from the crowd. According to the readers research of Kantar TNS, a subsidiary of the world’s second largest market research company, the Kantar Group, in September 2017, the readership of “Oriental Daily News” reached 3,486,550, approximately 1,832,000 more than that of “Apple Daily”. Compared with the research in November 2014, the difference between the two newspapers has widened from 74% to 111%. Such research has also showed that “Oriental Daily News” provides unparalleled fast and extensive exclusive news, having advantage over “Apple Daily” in terms of credibility, as well as on family income and purchasing power of readers. “Oriental Daily News” has always been the top-preferred choice for advertisers to market their products, generating satisfactory advertising income for the Group.

**“on.cc”** continued to be the news portal with the largest number of page views and the longest time of viewing in Hong Kong. It has recorded a highest monthly number of page views of 62 million, more than 10 million monthly active website users and more than 7 million downloads of mobile applications; it is an outstanding achievement. The readers research conducted by Kantar TNS in September 2017 also showed that the number of readers using the website of “on.cc” was 19% higher than that of “Apple Daily Website”. It was also 33% higher on total page views per month and even 56% higher on total time of viewing. In the mobile application, the average page views of “on.cc” was 10% higher than that of “Apple Daily” and even 36% higher on average time of viewing. During the Reporting Period, the Group kept innovating its flagship portal “on.cc” and mobile application, while launching a series of specialised websites covering local and international news, entertainment, financial information, etc., enabling readers to access important in-depth information. “Racecourse Boss”, one of the most popular horse racing mobile applications in Hong Kong, has innovated with the launch of a “professional” version to provide more exhaustive data and information of horse racing, with data analysis of “Football” and “Horse Racing” are being enhanced constantly. During the Reporting Period, “on.cc” has launched a mobile game “Hall of Sic Bo” (骰寶坊), thereby expanding the Group’s digital business into the mobile game market.

**“ontv”** continued to lead the industry of online television platforms, providing netizens with real-time news videos on a 24-hour basis. During the Reporting Period, in addition to the highly popular current affairs programmes such as “Wong’s Commentaries” (阿王辣爆) and “Kong Gu” (港。故), “ontv” has also launched a number of entertainment programmes including “Bestie’s Bedroom” (閨蜜睡房), “Celebrity Chefs” (星級煮意) and “True Artist Show” (真。藝人Show), which were well received by advertisers as they enriched the contents of programmes and achieved further penetration of users. “ontv” continued to provide live broadcast on a variety of sports events. In addition to live-broadcasting “Hong Kong Premier League” for three consecutive years, it has launched live-broadcasting of various sports events including basketball, boxing, ice hockey and rope skipping during the Reporting Period. This has not only increased the page views of “ontv”, but also highlighted its leading position in the live broadcast of sports events.

**“Money18”** is one of the financial information websites with the highest page views in Hong Kong. During the Reporting Period, the number of downloads of the mobile applications has exceeded 1.77 million, while the number of followers on its Facebook topped the list of similar financial information platforms in Hong Kong, which is a testament of the authoritative position of “Money18” among local financial digital news media. The research conducted by Kantar TNS in September 2017 also showed that users were of the view that the commentaries of “Money18” were insightful and original, assisting investors to earn more return. “Money18” keeps optimising the interfaces of its website and mobile application and enhancing chart analysis, while enabling support for 360-degree video. During the Reporting Period, “Money18” has further launched “Real Time Tips” (貼市貼士) to provide experts’ tips, charts and sector analysis, etc., enabling users to keep track of the latest market information instantly. Newly launched specialised websites such as “Cryptocurrency” (虛擬貨幣), “Money World Trips” (向世界錢進) and “BIZ Insiders” (塞錢入你袋) are more so the best references for investment developments.

In summary, in relation to the news media business of the Group, despite the growth of revenue from the distribution of “Oriental Daily News”, the overall revenue declines by 4% as compared with the same period of last year to HK\$423,607,000 due to the contraction in the printed media advertising market. The Group successfully increased the revenue from digital platforms of different forms including online advertising, live broadcasting of sports events, mobile games as well as promotional projects in cooperation with customers, thereby increasing the market share of “on.cc”. During the Reporting Period, the Group’s revenue from the digital media business rose to HK\$57,576,000, representing an increase of approximately 11% as compared with the same period of last year. The Group’s continued cost-saving measures has been effective, and helped the Group to achieve an unaudited consolidated profit of HK\$67,923,000.

In relation to the Group’s overseas investments, each of the Group’s rental properties overseas showed satisfactory return, and has been generating steady rental income. During the Reporting Period, the Metro Aspire Hotel Sydney increased the annual license fee to AUD1,768,000, representing an increase of revenue of approximately 77% as compared with that for the same period of last year.

The money lending business continued to generate steady loan interest income for the Group. The loan interest income amounted to HK\$852,000 during the Reporting Period, representing an average rate of return of approximately 7.8%, with no bad debts recorded.

## BUSINESS OUTLOOK

The downtrend in the sales of newspapers has now stabilised, and given Next Digital's disposal of Next Magazine and gradual exit from the printed media market, the Board believes that "Oriental Daily News", as the leader of the printed news media industry, will be more competitive in expanding its market share. The Board anticipates that the newsprint will be on a continuous upward trend in the year ahead. In response to rising operating costs, the management will strengthen its cost-saving measures, with a view to maximising operating efficiency. As "on.cc" and "ontv" continue to be among the core businesses of the Group, they will further utilise additional digital platforms and technologies to drive the Group's earnings. On the other hand, the Board believes that the Group has laid a solid foundation for its money lending business. The business will continue to focus on sourcing quality customers so as to more effectively controlling risks whiling increasing revenue.

With a view to improving its portfolio of property investment, the Group is in the process of negotiation to acquire several units in Island Place Tower in North Point, Hong Kong for the purpose of investment and development. The transaction is expected to be completed in mid-December 2017. The Board will continue to study various investment projects, expecting to increase investment return for 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 2017, the Group employed 1,521 (31 March 2017: 1,548) 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 2017 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 2017.

### **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 2017 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%
	Interest of controlled corporation	-	-	149,870,000	-	(ii)	6.25%
Ching-choi MA	Interest of controlled corporation	-	-	95,916,000	-	(iii)	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 holds the entire issued share capital of Perfect Deal Trading Limited, which in turn holds 149,870,000 Shares. Mr. Ching-fat MA is deemed to be interested in the same parcel of Shares held by Perfect Deal Trading Limited under the SFO.
- (iii) Mr. Ching-choi MA holds the entire issued share capital of Prosper Time Trading Limited, which in turn holds 95,916,000 Shares. Mr. Ching-choi MA is deemed to be interested in the same parcel of Shares held by Prosper Time Trading Limited 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 2017.

## 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 2017 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%
Perfect Deal Trading Limited	Beneficial owner	149,870,000		6.25%
Mui-fong HUNG	Interest of spouse	1,702,521,284	(iii)	71.00%

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) 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 under the SFO as Mr. Ching-fat MA is the founder of Marsun Trust. Further, Ms. Mui-fong HUNG, as the spouse of Mr. Ching-fat MA, is deemed to be interested in the same parcel of Shares held by Perfect Deal Trading Limited under the SFO as Mr. Ching-fat MA holds the entire issued share capital of Perfect Deal Trading Limited.

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 2017.

On behalf of the Board

**Ching-fat MA**

*Chairman*

Hong Kong, 16 November 2017