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東方報業集團有限公司

ORIENTAL PRESS GROUP LTD

(Incorporated in Hong Kong with limited liability)

(Stock Code: 18)

Announcement of results for the year ended 31 March 2018

The board of directors of Oriental Press Group Limited (the “Board”) announces that the audited consolidated results of Oriental Press Group Limited (the “Company”) and its subsidiaries (collectively known as the “Group”) for the year ended 31 March 2018 are as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Revenue	3	976,204	1,000,303
Other income	3	50,003	48,468
Raw materials and consumables used		(160,667)	(179,868)
Staff costs including directors' emoluments		(564,762)	(562,445)
Depreciation		(54,790)	(58,081)
Other operating expenses		(113,955)	(118,000)
Gain on bargain purchase		3,027	-
Fair value adjustments on investment properties		50,084	74,664
Net exchange gain		2,234	1,857
Net gain on disposal and write-off of property, plant and equipment		1,581	482
Profit from operations	5	188,959	207,380
Finance costs	6	(306)	(278)
Profit before tax		188,653	207,102
Income tax expense	7	(29,094)	(40,762)
Profit for the year		159,559	166,340
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Exchange gain on translation of financial statements of foreign operations		2,030	1,443
Other comprehensive income for the year, net of tax		2,030	1,443
Total comprehensive income for the year		161,589	167,783

	Notes	2018 HK\$'000	2017 HK\$'000
Profit for the year attributable to:			
Owners of the Company	9	158,134	163,889
Non-controlling interests		1,425	2,451
		159,559	166,340
Total comprehensive income attributable to:			
Owners of the Company		160,095	165,277
Non-controlling interests		1,494	2,506
		161,589	167,783
Earnings per share			
- Basic	9	HK6.59 cents	HK6.83 cents
- Diluted		HK6.59 cents	HK6.83 cents

Consolidated Statement of Financial Position
As at 31 March 2018

	Notes	31.03.2018 HK\$'000	31.03.2017 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		470,617	518,156
Leasehold land		22,844	23,632
Investment properties		599,329	322,987
Available-for-sale financial asset		4,745	4,745
Deferred tax assets		11,175	12,877
		1,108,710	882,397
Current assets			
Inventories	10	37,806	57,770
Trade receivables	11	118,413	119,403
Loan receivables	12	92,646	18,750
Other debtors, deposits and prepayments		15,533	18,704
Taxation recoverable		11,637	5,530
Cash and bank balances		1,249,413	1,575,157
		1,525,448	1,795,314
Current liabilities			
Trade payables	13	10,508	19,282
Other creditors, accruals and deposits received		66,648	71,018
Taxation payable		7,321	11,365
Borrowings	14	7,406	9,469
		91,883	111,134
Net current assets		1,433,565	1,684,180
Total assets less current liabilities		2,542,275	2,566,577
Non-current liabilities			
Borrowings	14	-	1,824
Deferred tax liabilities		75,648	67,883
		75,648	69,707
Net assets		2,466,627	2,496,870
EQUITY			
Equity attributable to owners of the Company			
Share capital		1,413,964	1,413,964
Reserves		1,045,357	1,077,094
		2,459,321	2,491,058
Non-controlling interests		7,306	5,812
Total equity		2,466,627	2,496,870

Consolidated Statement of Changes in Equity For the year ended 31 March 2018

	Equity attributable to owners of the Company						
	Share capital HK\$'000	Exchange reserve HK\$'000 (Note)	Properties revaluation reserve HK\$'000 (Note)	Retained profits HK\$'000 (Note)	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2016	1,413,964	20,437	9,700	1,193,409	2,637,510	3,306	2,640,816
2016 final dividend paid	-	-	-	(23,979)	(23,979)	-	(23,979)
2016 special dividend paid	-	-	-	(47,958)	(47,958)	-	(47,958)
2017 interim dividend paid	-	-	-	(47,958)	(47,958)	-	(47,958)
2017 special dividend paid	-	-	-	(191,834)	(191,834)	-	(191,834)
Transactions with owners	-	-	-	(311,729)	(311,729)	-	(311,729)
Profit for the year	-	-	-	163,889	163,889	2,451	166,340
Other comprehensive income							
-Exchange gain on translation of financial statements of foreign operations	-	1,388	-	-	1,388	55	1,443
Total comprehensive income for the year	-	1,388	-	163,889	165,277	2,506	167,783
At 31 March 2017 and 1 April 2017	1,413,964	21,825	9,700	1,045,569	2,491,058	5,812	2,496,870
2017 final dividend paid	-	-	-	(95,916)	(95,916)	-	(95,916)
2017 special dividend paid	-	-	-	(47,958)	(47,958)	-	(47,958)
2018 interim dividend paid	-	-	-	(47,958)	(47,958)	-	(47,958)
Transactions with owners	-	-	-	(191,832)	(191,832)	-	(191,832)
Profit for the year	-	-	-	158,134	158,134	1,425	159,559
Other comprehensive income							
-Exchange gain on translation of financial statements of foreign operations	-	1,961	-	-	1,961	69	2,030
Total comprehensive income for the year	-	1,961	-	158,134	160,095	1,494	161,589
At 31 March 2018	1,413,964	23,786	9,700	1,011,871	2,459,321	7,306	2,466,627

Notes: These reserve accounts comprise the consolidated reserves of HK\$1,045,357,000 (2017: HK\$1,077,094,000) in the consolidated statement of financial position of the Group.

**Notes to the Financial Statements
For the year ended 31 March 2018**

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The financial information relating to the years ended 31 March 2018 and 2017 included in this preliminary annual results announcement do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 March 2018 in due course.

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

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

2. APPLICATION OF AMENDED HKFRSs

In the current year, the Group has adopted the following amendments to HKFRSs issued by the HKICPA, which are or have become effective for the Group's financial year beginning on 1 April 2017.

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendments)	As part of the annual Improvements to HKFRSs 2014-2016 Cycle

The adoption of the amended HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2018 and have not been adopted in these consolidated financial statements, which are:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions ¹
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
HKFRS 9	Financial Instruments ¹
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensations ²
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Lease ²
HKFRS 17	Insurance Contracts ⁵
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS	Annual Improvements to HKFRSs 2014-2016 Cycle except amendments to HKFRS 12 ⁴
HKFRS	Annual Improvements to HKFRSs 2015-2017 Cycle ²
HKAS 19 (Amendments)	Employee Benefits ²
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures ²
HKAS 40 (Amendments)	Transfers of Investment Property ¹
HK (IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK (IFRIC) - Int 23	Uncertainty over Income Tax Treatments ²

Notes:

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

⁵ Effective for annual periods beginning on or after 1 January 2021.

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

3. REVENUE

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

	2018	2017
	HK\$'000	HK\$'000
Publication of newspapers	824,189	871,205
Internet subscription and advertising income	122,209	106,753
Rental income from investment properties	11,474	7,197
License fee income from hotel property	10,416	6,811
Income from restaurant operation	7,916	8,337
	976,204	1,000,303

	2018	2017
	HK\$'000	HK\$'000
Included in other income are:		
Interest earned on bank deposits	9,531	8,377
Interest earned on loan receivables	3,701	1,060
Sales of scrap materials	3,249	2,936
Over-provision of long service payments	4,740	9,066

4. SEGMENT INFORMATION

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

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

	Publication of newspapers		All other segments		Total	
	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue from external customers	946,398	977,958	29,806	22,345	976,204	1,000,303
Reportable segment profit	129,818	139,783	60,841	75,779	190,659	215,562
Unallocated corporate income					36,252	29,593
Unallocated corporate expenses					(38,258)	(38,053)
Profit before tax					188,653	207,102
Other information						
Depreciation and amortisation	(54,625)	(57,924)	(953)	(945)	(55,578)	(58,869)
Fair value adjustments on investment properties	-	-	50,084	74,664	50,084	74,664
Addition to investment properties through business combination	-	-	220,000	-	220,000	-
Additions to non-current assets (property, plant and equipment and investment properties) during the year	7,981	4,542	2,982	24,290	10,963	28,832

Reportable segment assets and liabilities

	Publication of newspapers		All other segments		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS								
Segment assets	772,660	766,605	607,340	331,204	-	-	1,380,000	1,097,809
Available-for-sale financial asset	-	-	-	-	4,745	4,745	4,745	4,745
Cash and bank balances	-	-	-	-	1,249,413	1,575,157	1,249,413	1,575,157
Consolidated total assets	772,660	766,605	607,340	331,204	1,254,158	1,579,902	2,634,158	2,677,711
LIABILITIES								
Segment liabilities	127,166	136,163	40,365	44,678	-	-	167,531	180,841

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

	Revenue from external customers		Non-current assets	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (country of domicile)	956,253	986,295	719,759	537,237
Australia	19,951	14,008	373,031	327,538
	976,204	1,000,303	1,092,790	864,775

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

During the year, HK\$424,161,000 (2017: HK\$411,144,000) out of the Group's revenue of HK\$976,204,000 (2017: HK\$1,000,303,000) was contributed by two (2017: two) customers. No other single customers contributed 10% or more to the Group's revenue for both 2018 and 2017.

5. PROFIT FROM OPERATIONS

	2018 HK\$'000	2017 HK\$'000
Profit from operations is arrived at after charging/(crediting):		
Auditor's remuneration	1,080	1,061
Cost of inventories recognised as expense	160,667	179,868
Impairment losses on trade receivables	711	691
Depreciation:		
- Owned assets	54,790	55,981
- Leased assets	-	2,100
Amortisation of leasehold land	788	788
Net exchange gain	(2,234)	(1,857)
Gain on bargain purchase	(3,027)	-
Net gain on disposal and write off of property, plant and equipment	(1,581)	(482)
Operating lease charges in respect of buildings and printing equipment	4,203	2,374
Rental income from investment properties (excluding hotel property)	(11,474)	(7,197)
Less: Outgoings associated with rental income	1,277	1,073
Rental income from investment properties (excluding hotel property) less outgoings	(10,197)	(6,124)

6. FINANCE COSTS

	2018 HK\$'000	2017 HK\$'000
Interest charges on borrowings:		
Other loan	301	256
Finance leases	5	22
	306	278

7. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	2018 HK\$'000	2017 HK\$'000
Current tax		
- Hong Kong Profits Tax	20,860	21,365
- Overseas Income Tax	534	622
	21,394	21,987
Over provision in prior year:		
- Hong Kong Profits Tax	(11)	-
- Overseas Income Tax	(600)	-
	(611)	-
Deferred taxation		
- Current year	8,311	18,775
	29,094	40,762

8. DIVIDENDS

(a) Dividends attributable to the year

	2018 HK\$'000	2017 HK\$'000
Interim dividend paid HK2 cents (2017: HK2 cents) per share	47,958	47,958
Special dividend paid Nil (2017: HK8 cents) per share	-	191,834
Special interim dividend HK25 cents (2017: Nil) per share	599,479	-
Proposed final dividend HK4 cents (2017: HK4 cents) per share	95,916	95,916
Proposed special dividend Nil (2017: HK2 cents per share)	-	47,958
	743,353	383,666

A special interim dividend of HK25 cents per share has been resolved by the Board on 16 April 2018 and paid to shareholders on 18 May 2018.

A final dividend of HK4 cents (2017: HK4 cents and special dividend of HK2 cents) per share has been proposed by the Board and are subject to the approval by the shareholders in the forthcoming annual general meeting.

(b) Dividends recognised as distributions during the year

	2018 HK\$'000	2017 HK\$'000
2016 Final dividend	-	23,979
2016 Special dividend	-	47,958
2017 Interim dividend	-	47,958
2017 Final dividend	95,916	-
2017 Special dividend	47,958	191,834
2018 Interim dividend	47,958	-
	191,832	311,729

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK\$158,134,000 (2017: HK\$163,889,000) and on 2,397,917,898 (2017: 2,397,917,898) ordinary shares in issue during the year.

For the year ended 31 March 2018 and 2017, diluted earnings per share was the same as the basic earnings per share as there were no share dilution or new issue of additional shares of the Company during the year.

10. INVENTORIES

	2018 HK\$'000	2017 HK\$'000
Newsprint and printing materials	22,292	42,321
Spare parts and supplies	13,880	13,817
Others	1,634	1,632
	37,806	57,770

11. TRADE RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Trade receivables	122,583	122,939
Less: Allowance for doubtful debts	(4,170)	(3,536)
	118,413	119,403

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

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

	2018 HK\$'000	2017 HK\$'000
0 – 60 days	52,115	56,316
61 – 90 days	22,996	21,168
Over 90 days	43,302	41,919
	118,413	119,403

12. LOAN RECEIVABLES

The Group seeks to maintain strict control over its outstanding loan receivables to minimise credit risk. These loans (including staff property mortgage 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 1.3% per annum to 18% per annum (31 March 2017: 7.0% per annum to 7.2% per annum), mutually agreed between the contracting parties and repayable within one year or on demand.

At 31 March 2018, all loan receivables were secured by properties in Hong Kong.

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 of the Company 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 of the Company consider that no impairment is required to be provided during the year.

13. TRADE PAYABLES

The credit periods granted by the Group's suppliers range 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:

	2018 HK\$'000	2017 HK\$'000
0 – 60 days	7,933	16,558
61 – 90 days	306	796
Over 90 days	2,269	1,928
	10,508	19,282

14. BORROWINGS

	2018 HK\$'000	2017 HK\$'000
Borrowings wholly repayable within five years:		
- Other loan	7,406	7,434
- Obligations under finance leases	-	3,859
	7,406	11,293
Less: Current portion due within one year included under current liabilities		
- Other loan	7,406	7,434
- Obligations under finance leases	-	2,035
	7,406	9,469
Non-current portion included under non-current liabilities		
- Obligations under finance leases	-	1,824

At 31 March 2018 and 2017, other loan denominated in Australian Dollars was made by a non-controlling shareholder of a subsidiary of the Company, is unsecured, bearing interest at 4% per annum and repayable on demand.

The carrying amounts of borrowings approximate their fair value.

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

	Minimum lease payments		Present value of minimum lease payments	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Obligation under finance leases:				
Due within one year	-	2,045	-	2,035
Due in the second to fifth year	-	1,825	-	1,824
		<hr/>		<hr/>
	-	3,870	-	3,859
Less: Future finance charges on finance leases	-	(11)		
		<hr/>		
Present value of lease obligations	-	3,859		
		<hr/>		
Less: Amount due for settlement within one year included under current liabilities			-	(2,035)
				<hr/>
Amount due for settlement in the second to the fifth year included under non-current liabilities			-	1,824
				<hr/>

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

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

During the current year, finance leases for certain plant, machinery and printing equipment were terminated and the remaining obligation under finance leases of HK\$3,157,000 were fully waived by the lessor.

RESULTS

For the year ended 31 March 2018 (the “Reporting Year”), the audited consolidated profit attributable to owners of Oriental Press Group Limited (the “Company”) amounted to HK\$158,134,000. As compared to the same period last year, the profit decreased HK\$5,755,000 representing a decline of 3.5%, which was mainly due to the decrease of advertising income of newspaper.

DIVIDENDS

The directors of the Company (the “Director(s)”) recommend a final dividend of HK4 cents (2017: HK4 cents and special dividend of HK2 cents) per share of the Company (the “Share”) for the Reporting Year, payable to the shareholders of the Company (the “Shareholders”) whose names appear on the Register of Members of the Company on 21 August 2018. Together with the paid interim dividend of HK2 cents (2017: HK2 cents) per Share and special interim dividend of HK25 cents (2017: special dividend of HK8 cents) per Share, the dividends for the year amount to HK31 cents (2017: HK16 cents) per Share. The proposed final dividend will be payable on or around 3 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 9 August 2018 to 15 August 2018 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending the annual general meeting of the Company (“AGM”) to be held on 15 August 2018 and voting in the meeting, all transfers accompanied with the relevant Share certificates must be deposited with the Company’s Share registrar, Tricor Friendly Limited, whose address is at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on 8 August 2018.

Subject to Shareholders’ approval at the AGM, the proposed final dividend will be distributed to the Shareholders whose names appear on the Register of Members of the Company on 21 August 2018. The Register of Members of the Company will be closed on 21 August 2018. In order to qualify for payment of the recommended final dividend, all transfers accompanied with the relevant Share certificates must be deposited with the Company’s Share registrar, Tricor Friendly Limited, whose address is at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on 20 August 2018.

COMMENTARY

“**Oriental Daily News**” continues to be the best-selling and most widely read paid newspaper in Hong Kong, and has so remained the last 42 consecutive years. It is truly “The Paper for Hong Kong” as well as the Group’s main source of earnings. 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, 111% more than that of “Apple Daily”. Most readers interviewed believed that the news reported by “Oriental Daily News” were fast, extensive, credible and worthy. Having been maintaining a prominent presence in Hong Kong for nearly 50 years, “Oriental Daily News” has become an authority in the industry with its professionalism and aggressiveness. Because of its incontestable strength and reputation, “Oriental Daily News” has extensive support of its readers and advertisers.

“**on.cc**” is the news portal with the largest number of viewers, page views and the longest time of viewing in Hong Kong. It has recorded a highest monthly number of page views of 62 million and more than 7.52 million downloads of mobile applications, setting another record. Having gained an early insight into the unlimited potential of digital media, the Group has accelerated its pace of development and built “on.cc” into a news platform combining information with functionality. With the Group’s outstanding professional team, “on.cc” is able to release important news within the shortest time possible, which is highly appreciated by netizens. “on.cc” transmits information across the globe instantly, transcending distance. “on.cc” is the first news media in Hong Kong to adopt Chatbot and WhatsApp to release information, extending the reach of its news. In addition to being a partner of renowned Internet media, “on.cc” is also a content provider of NetEase, Tencent, PCCW and Hutchison Telecom, proving that it is a preferred choice in the industry. In respect of the mobile application, “Racecourse Boss” has become one of the racing information mobile applications most popular with horse racing fans, contributing to the Group’s revenue. A “professional edition” with enhanced functions was released during the Reporting Year. Moreover, in respect of the mobile

game business “Hall of Sic Bo” (骰寶坊) has been launched in the market during the Reporting Year, while the production team is researching and developing other games. We believe that with time, the Group’s mobile game business will generate satisfactory results.

“ontv” continued to lead the industry of online television platforms. In addition to providing real-time news videos on a 24-hour basis, it also partners with “on.cc” and Facebook to make simultaneous live coverage of a number of major events in Hong Kong. Its diversified special collections and programmes are popular with netizens. “ontv” offers the best live broadcast of sports events in the industry, and it is also the first digital platform in Hong Kong to obtain authorisation from The Hong Kong Jockey Club and the Hong Kong Football Association to make live report on horse racing, Mark Six and “Hong Kong Premier League”. During the Reporting Year, the live-broadcasting of “ontv” even expanded to cover a number of top-ranking sports events in Europe and the United States, further increasing its market share.

“Money18” is one of the financial information websites with the highest page views in Hong Kong. During the Reporting Year, the page views of “Money18” surged sharply at the back of the buoyant equity market of Hong Kong. The mobile application witnessed more than 1.89 million downloads, making it one of the most popular financial information mobile applications. With the number of followers on its Facebook exceeding 65,000, it has become the most popular financial information social platform in Hong Kong, establishing its market leadership. The real-time stock quote of “Money18” has always been well received by investors. Its insightful and original commentaries are the best references for investment developments. During the Reporting Year, “Money18” focused on enhancing the information and data analysis functions, and launched “Real Time Tips” (貼市貼士) to keep close track of market conditions, with “52-week high/low” prices added and the “stock quote” recording function improved. In addition, a 360-degree panoramic technology has been applied to enrich and diversify the news contents, adding fun to browsing of information by users.

During the Reporting Year, the Group’s local and overseas property investment recorded satisfactory return. In particular, the rental properties in Australia showed outstanding performance. The rental income increased by 30.5% and the license fee income from hotel property rose by 52.9% as compared with the same period last year. The average valuation of properties increased by approximately 11.8% as compared with the same period last year, contributing HK\$39,084,000 in the fair value adjustment of the Group’s investment properties.

In the last year, the property prices in Hong Kong continued to rise amid strong market demand, which was favourable to the development of the Group’s mortgage loan business. Oriental FA has moved onto the right track gradually, recording satisfactory growth of revenue. During the Reporting Year, its loan interest income amounted to HK\$3,701,000, representing an increase of 249% as compared with the same period last year, with no bad debts recorded.

During the year, the buoyant investor sentiment in the property market and the stock market of Hong Kong has driven economic growth, but the consumer market showed no sign of prosperity. Amid the further decline in the market share of printed media in the advertising market, “Oriental Daily News” was unable to benefit from the economic expansion. The overall revenue for the year declined by approximately 5.4% as compared with the same period of last year to HK\$824,189,000. In contrast, the advertising market of the digital media business recorded a satisfactory increase, contributing to an increase in the Group’s revenue from the digital media business. This shows that digital media advertising has become a focus of the market. Fortunately, the Group has long been adjusting its investment strategy in response to the changes in the media market. The Group’s businesses including digital media, money lending and local property investment have successfully increased the sources of revenue. The cost-saving measures implemented over the past year have also proved effective, bringing the Group’s overall results at a stable level. With a view to maintaining the competitive strength of each business, the Group has committed to attract talents and enhance the competence of its professional teams. In acknowledgement of the employees’ efforts in the past year, the Group had paid special bonus in the sum of approximately HK\$20,251,000 during the Reporting Year.

BUSINESS OUTLOOK

The short supply of newsprint in recent years has resulted in price increase, which is set to pose higher pressure on the operation of the Group's printed media in the next year. In order to control costs, the Group has adopted a series of cost-saving measures. The Group has also reorganised its staffing by eliminating the less competent and retaining the more competent, so as to rationalise labour costs. On the other hand, the Board believes that the flow of advertisements from the printed media to the digital media has showed signs of a slowdown. Capitalising on its strength in terms of market share, the Group will work with advertisers in a form which combines newspaper, website and video production to cover readers of all classes and age groups, thereby increasing the effectiveness of advertising and contributing to steady advertising income.

In response to the current development trend of the media, the Group has invested additional resources in "on.cc", with the aim of attracting more users and improving the click through rate, thereby increasing revenue. In addition to traditional news and information, soft news of hot topics in which the public is also interested will be offered. In future, "on.cc" will combine news, live broadcast of sports events, leisure, entertainment and shopping. It will also introduce a membership system to enhance the cohesion and loyalty of users of "on.cc". Unlike traditional television stations, "ontv" is able to provide netizens with the latest news and information by capitalising on its streamlined staffing and the advantages of digital technologies and the Internet, thereby achieving high efficiency at low costs. Fully aware of the increasingly important role of video network in the media market, the Group is currently focused on enhancing the positioning of "ontv" to make its image clearer and more distinct, thereby increasing its market share.

The Board anticipates that the property market of Hong Kong will continue to be on an upward trend in the coming year, which will contribute to the growth of the Group's money lending business. As the central bank of the United States anticipates multiple interest rate hikes this year, the lending rate of Oriental FA is believed to have room for upward adjustments. Oriental FA will continue to partner with intermediaries of excellent credit standing to select quality customers based on a prudent principle, so as to balance risks while seeking higher returns.

The economy of Hong Kong is expected to maintain steady growth in the forthcoming year. With the prospective announcement of detailed development planning of the Guangdong-Hong Kong-Macao Greater Bay Area, the opening of the Hong Kong-Zhuhai-Macao Bridge and the Express Rail Link Hong Kong Section, the integration between Hong Kong and neighbouring cities is expected to be accelerate. This will bring new momentum to the economy of Hong Kong and benefit the development of all industries. The Group's advertising business will also be benefited in turn. However, the economy is faced with a variety of factors. The on-going trade disputes between China and the United States will definitely have an impact on the global economy. If the stock market and the property market of Hong Kong decline, the Group's advertising business and money lending business would be affected to different extent. However, the Group has confidence in its prospect, and has the ability to cope with various challenges ahead. The Board will keep close track of changes in the global economy and make investment decisions when appropriate, with a view to safeguarding the interests of the Shareholders.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital as at 31 March 2018 amounted to approximately HK\$1,433,565,000 (2017: HK\$1,684,180,000), which includes time deposits, bank balances and cash amounting to approximately HK\$1,249,413,000 (2017: HK\$1,575,157,000). As at 31 March 2018, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.3% (2017: 0.4%).

During the Reporting Year, the Group's capital expenditure was approximately HK\$10,963,000 (2017: HK\$28,832,000).

CONTINGENT LIABILITY

As at 31 March 2018, the Group had no material contingent liability.

EXPOSURE TO FOREIGN EXCHANGE

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed 1,459 employees (2017: 1,548). Remuneration for employees including medical benefits is determined based on industry practice, the performance and working experience of the employees, and the prevailing market conditions. The Group has implemented a training scheme to groom a new generation of journalists.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

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

PUBLICATION OF ANNUAL REPORT

The 2018 annual report of the Company will be dispatched to the Shareholders and published on the websites of the Company and the Stock Exchange in due course.

ANNUAL GENERAL MEETING

The 2018 AGM will be held on Wednesday, 15 August 2018 and the Notice of AGM will be published and dispatched in the manner as required by the Listing Rules in due course.

On behalf of the Board
Ching-fat MA
Chairman

Hong Kong, 22 June 2018

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