

# ORIENTAL PRESS GROUP LTD

(Stock Code : 18)



# 2018

INTERIM REPORT

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ching-fat MA, *BBS*  
*Chairman*

Mr. Ching-choi MA  
*Vice Chairman*

Mr. Shun-chuen LAM  
*Chief Executive Officer*

### Non-executive Director

Mr. Dominic LAI

### Independent Non-executive Directors

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

## EXECUTIVE COMMITTEE

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

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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. Yu-shan TANG

## SOLICITORS

lu, 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

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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 2018 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 2018**

		<b>Six months ended</b>	
		<b>30.9.2018</b>	30.9.2017
		<b>(Unaudited)</b>	(Unaudited)
	Notes	<b>HK\$'000</b>	HK\$'000
Revenue	4	<b>455,595</b>	494,041
Other income	4	<b>27,868</b>	22,036
Raw materials and consumables used		<b>(80,577)</b>	(79,870)
Staff costs including directors' emoluments		<b>(271,953)</b>	(281,206)
Depreciation		<b>(23,006)</b>	(26,922)
Other operating expenses		<b>(54,213)</b>	(55,789)
Net exchange (loss)/gain		<b>(13,648)</b>	5,905
Net gain/(loss) on disposal and write-off of property, plant and equipment		<b>123</b>	(225)
<b>Profit from operations</b>		<b>40,189</b>	77,970
Finance costs		<b>(141)</b>	(156)
<b>Profit before tax</b>		<b>40,048</b>	77,814
Income tax expense	6	<b>(7,270)</b>	(9,606)
<b>Profit for the period</b>		<b>32,778</b>	68,208
<b>Other comprehensive (expenses)/income:</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
— Exchange (loss)/gain on translation of financial statements of foreign operations		<b>(9,326)</b>	3,280
<b>Other comprehensive (expense)/income for the period, net of tax</b>		<b>(9,326)</b>	3,280
<b>Total comprehensive income for the period</b>		<b>23,452</b>	71,488

		<b>Six months ended</b>	
		<b>30.9.2018</b>	30.9.2017
		<b>(Unaudited)</b>	(Unaudited)
Note		<b>HK\$'000</b>	HK\$'000
<b>Profit for the period attributable to:</b>			
	Owners of the Company	<b>32,537</b>	67,923
	Non-controlling interests	<b>241</b>	285
		<u><b>32,778</b></u>	<u>68,208</u>
<b>Total comprehensive income/(expense) for the period attributable to:</b>			
	Owners of the Company	<b>23,644</b>	71,044
	Non-controlling interests	<b>(192)</b>	444
		<u><b>23,452</b></u>	<u>71,488</u>
<b>Earnings per share</b>			
	<b>– Basic</b>	<b>HK1.36 cents</b>	HK2.83 cents
	<b>– Diluted</b>	<b>HK1.36 cents</b>	HK2.83 cents

8

# Condensed Consolidated Statement of Financial Position

AT 30 SEPTEMBER 2018

	Notes	30.9.2018 (Unaudited) HK\$'000	31.3.2018 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	450,287	470,617
Leasehold land		22,450	22,844
Investment properties	10	576,529	599,329
Financial asset at fair value through profit or loss		4,745	–
Available-for-sale financial asset		–	4,745
Loan and interest receivables	11	12,479	–
Deferred tax assets		13,979	11,175
		<b>1,080,469</b>	<b>1,108,710</b>
<b>Current assets</b>			
Inventories		53,748	37,806
Loan and interest receivables	11	183,853	92,646
Trade receivables	12	117,818	118,413
Other debtors, deposits and prepayments		18,805	15,533
Taxation recoverable		8,713	11,637
Cash and bank balances		533,613	1,249,413
		<b>916,550</b>	<b>1,525,448</b>
<b>Current liabilities</b>			
Trade payables	13	9,068	10,508
Other creditors, accruals and deposits received		86,427	66,648
Contract liabilities		8,537	–
Taxation payable		18,197	7,321
Borrowings		6,793	7,406
		<b>129,022</b>	<b>91,883</b>
<b>Net current assets</b>		<b>787,528</b>	<b>1,433,565</b>
<b>Total assets less current liabilities</b>		<b>1,867,997</b>	<b>2,542,275</b>

	Note	<b>30.9.2018 (Unaudited) HK\$'000</b>	31.3.2018 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u>73,313</u>	<u>75,648</u>
<b>Net assets</b>		<u><b>1,794,684</b></u>	<u>2,466,627</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	<b>1,413,964</b>	1,413,964
Reserves		<b>373,606</b>	1,045,357
		<u><b>1,787,570</b></u>	<u>2,459,321</u>
<b>Non-controlling interests</b>		<b>7,114</b>	<u>7,306</u>
<b>Total equity</b>		<u><b>1,794,684</b></u>	<u>2,466,627</u>

# Condensed Consolidated Statement of Cash Flow

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Six months ended	
		30.9.2018 (Unaudited) HK\$'000	30.9.2017 (Unaudited) HK\$'000
Note			
<b>Cash flows from operating activities</b>			
	Profit before tax	40,048	77,814
	Adjustments for:		
	Interest income	(8,368)	(5,672)
	Interest expense	141	156
	Bad debt recovered	(177)	–
	Impairment loss on trade receivables	–	180
	Depreciation	23,006	26,922
	Net exchange loss/(gain)	13,648	(5,905)
	Amortisation of leasehold land	394	394
	Net (gain)/loss on disposal and write-off of property, plant and equipment	(123)	225
	<b>Operating profit before working capital changes</b>	<b>68,569</b>	94,114
	(Increase)/decrease in inventories	(15,942)	1,399
	Increase in loan receivables	(103,397)	(25,000)
	Decrease/(increase) in trade receivables	772	(11,532)
	Increase in other debtors, deposits and prepayments	(3,713)	(1,920)
	Decrease in trade payables	(1,440)	(3,809)
	Increase in other creditors, accruals and deposits received	26,853	9,001
	Increase in contract liabilities	1,589	–
	<b>Cash (used in)/generated from operations</b>	<b>(26,709)</b>	62,253
	Income tax paid	(1,120)	(369)
	Income tax refunded	4,165	–
	<b>Net cash (used in)/generated from operating activities</b>	<b>(23,664)</b>	61,884

		<b>Six months ended</b>		
		<b>30.9.2018</b>	30.9.2017	
		<b>(Unaudited)</b>	(Unaudited)	
Notes		<b>HK\$'000</b>	HK\$'000	
<b>Cash flows from investing activities</b>				
	Purchases of property, plant and equipment	9	<b>(2,968)</b>	(1,974)
	Net proceeds from disposal of property, plant and equipment	9	<b>134</b>	73
	Interest received		<b>8,711</b>	6,868
<b>Net cash generated from investing activities</b>			<b>5,877</b>	4,967
<b>Cash flows from financing activities</b>				
	Dividends paid	7	<b>(695,395)</b>	(143,874)
	Interest paid		<b>(141)</b>	(156)
	Repayment of obligations under finance leases		–	(695)
	Repayment of other loan		<b>(167)</b>	–
<b>Net cash used in financing activities</b>			<b>(695,703)</b>	(144,725)
<b>Net decrease in cash and bank balances</b>			<b>(713,490)</b>	(77,874)
<b>Cash and bank balances at 1 April</b>			<b>1,249,413</b>	1,575,157
	Effect of changes in foreign exchange rate		<b>(2,310)</b>	378
<b>Cash and bank balances at 30 September</b>			<b>533,613</b>	1,497,661



# Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	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 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
At 30 September 2017 (unaudited)	1,413,964	24,946	9,700	969,618	2,418,228	6,256	2,424,484
At 1 April 2018 (audited)	1,413,964	23,786	9,700	1,011,871	2,459,321	7,306	2,466,627
Dividends paid (Note 7)	–	–	–	(695,395)	(695,395)	–	(695,395)
Transactions with owners of the Company	–	–	–	(695,395)	(695,395)	–	(695,395)
Profit for the period	–	–	–	32,537	32,537	241	32,778
Other comprehensive expense for the period							
– Exchange loss on translation of financial statements of foreign operations	–	(8,893)	–	–	(8,893)	(433)	(9,326)
Total comprehensive (expense)/ income for the period	–	(8,893)	–	32,537	23,644	(192)	23,452
<b>At 30 September 2018 (unaudited)</b>	<b>1,413,964</b>	<b>14,893</b>	<b>9,700</b>	<b>349,013</b>	<b>1,787,570</b>	<b>7,114</b>	<b>1,794,684</b>

Note: These reserve accounts comprise of the consolidated reserves of HK\$373,606,000 (six months ended 30 September 2017: HK\$1,004,264,000) 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 2018

## 1. BASIS OF PREPARATION

The financial information relating to the year ended 31 March 2018 included in the interim condensed consolidated financial statements for the six months ended 30 September 2018 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 2018 to the Registrar of Companies as required by section 622(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 2018.

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 2018 are the same as those followed in the preparation of the Group's financial statements for the year ended 31 March 2018.

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:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HK (IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration

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 9 (Amendments)	Prepayment Features with Negative Compensation <sup>1</sup>
HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance contracts <sup>3</sup>
HKFRS 10 (Amendments) and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015 – 2017 Cycle <sup>1</sup>
HKAS 19 (Amendments)	Employee Benefits <sup>1</sup>
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
HK (IFRIC) — Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>

Notes:

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

<sup>2</sup> Effective date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021.

### 2.1 Impacts and changes in accounting policies on application of HKFRS 9 Financial Instruments

In the current interim period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirement for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("ECL") for financial assets and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies on application of HKFRS 9 Financial Instruments (Continued)

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 9

##### *Classification and measurement of financial assets*

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"). In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designated investments in equity instruments as at FVTOCI. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated profits.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies on application of HKFRS 9 Financial Instruments (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

##### *Classification and measurement of financial assets (Continued)*

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of the reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts are detailed in "Summary of effects arising from initial application of HKFRS 9".

##### *Summary of effects arising from initial application of HKFRS 9*

The following table illustrates the classification of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

		Original carrying amount under HKAS 39 HK\$'000	New classification under HKFRS 9	New carrying amount under HKFRS 9 HK\$'000
<b>Financial assets</b>				
Financial asset at fair value through profit or loss	Available-for-sale finance asset at cost	4,745	Fair value through profit or loss	4,745
Loan receivables	Loans and receivables	92,646	At amortised cost	92,646
Trade receivables	Loans and receivables	118,413	At amortised cost	118,413
Other debtors	Loans and receivables	3,220	At amortised cost	3,220
Cash and bank balances	Loans and receivables	1,249,413	At amortised cost	1,249,413
Total finance assets		<u>1,468,437</u>		<u>1,468,437</u>

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies on application of HKFRS 9 Financial Instruments (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

##### *Impairment under ECL model*

A loss allowance for ECL on financial assets are subject to impairment under HKFRS 9.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The Group evaluates the financial instruments on a collective basis, taking into account the instrument type, maturity date, and other relevant information with reference to the default rates of the counter parties of the instruments.

For financial assets at amortised cost, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

##### Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

##### Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

An impairment gains or losses will be recognised in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and loan receivables where the corresponding adjustment is recognised through an allowance for doubtful debts account.

The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies on application of HKFRS 9 Financial Instruments (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

##### *Classification and measurement of financial liabilities*

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

### 2.2 Impacts and changes in accounting policies on application of HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue ("HKAS 18"), HKAS 11 Construction Contracts ("HKAS 11") and the related interpretations.

The Group recognises revenue from the following major sources:

- (i) Revenue from sales of newspapers
- (ii) Advertising income
- (iii) Revenue from printing services
- (iv) Restaurant operation income
- (v) Rental income under operating leases
- (vi) Interest income is accrued on a time basis
- (vii) Internet subscription income
- (viii) Internet advertising income
- (ix) License fee income from hotel property

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.2 Impacts and changes in accounting policies on application of HKFRS 15 Revenue from Contracts with Customers (Continued)

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.



## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.2 Impacts and changes in accounting policies on application of HKFRS 15 Revenue from Contracts with Customers (Continued)

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Summary of effects arising from initial application of HKFRS 15

“Receipts in advance from customers” in relation to deposits or payments received in advance from customer for advertisement on requested, which was previously included in “Other creditors” has been reclassified as “Contract liabilities”.

The application of HKFRS 15 has no material impact on the Group’s retained profits as at 1 April 2018. The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position as at 1 April 2018 and condensed consolidated statement of cash flow for the six months ended 30 September 2018. Line items that were not affected by the changes have not been included.

#### Condensed consolidated statement of financial position (extract)

	Carrying amount previously reported as at 31 March 2018 HK\$'000	Reclassification HK\$'000	Carrying amounts under HKFRS 15 as at 1 April 2018 HK\$'000
<b>Current liabilities:</b>			
Other creditors, accruals and deposit received	66,648	(6,948)	59,700
Contract liabilities	–	6,948	6,948
	<u>                    </u>	<u>                    </u>	<u>                    </u>

#### Condensed consolidated statement of cash flow for the six months ended 30 September 2018 (extract)

	Before the adoption of HKFRS 15 HK\$'000	Reclassification HK\$'000	After the adoption of HKFRS 15 HK\$'000
<b>Changes in working capital:</b>			
Increase in other creditors, accruals and deposit received	28,442	(1,589)	26,853
Increase in contract liabilities	–	1,589	1,589
	<u>                    </u>	<u>                    </u>	<u>                    </u>

## 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 2018.

For the six months ended 30 September 2018, 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	
	30.9.2018 (Unaudited) HK\$'000	30.9.2017 (Unaudited) HK\$'000
Publication of newspapers	377,313	423,607
Internet subscription and advertising income	61,145	57,576
Rental income from investment properties	8,134	3,790
License fee income from hotel property	5,367	5,063
Income from restaurant operation	3,636	4,005
	<u>455,595</u>	<u>494,041</u>

	Six months ended	
	30.9.2018 (Unaudited) HK\$'000	30.9.2017 (Unaudited) HK\$'000
Included in other income are:		
Interest earned on bank deposits	3,432	4,820
Interest earned on loan receivables	4,936	852
Sales of scrap materials	1,517	1,608
Over-provision of long service payments	–	149
	<u>–</u>	<u>149</u>

#### 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 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 Six months ended		All other segments Six months ended		Total Six months ended	
	30.9.2018 (Unaudited) HK\$'000	30.9.2017 (Unaudited) HK\$'000	30.9.2018 (Unaudited) HK\$'000	30.9.2017 (Unaudited) HK\$'000	30.9.2018 (Unaudited) HK\$'000	30.9.2017 (Unaudited) HK\$'000
Reportable segment revenue from external customers	<u>438,458</u>	<u>481,183</u>	<u>17,137</u>	<u>12,858</u>	<u>455,595</u>	<u>494,041</u>
Reportable segment profit	<u>45,913</u>	<u>73,969</u>	<u>5,669</u>	<u>2,172</u>	<u>51,582</u>	<u>76,141</u>
Unallocated corporate income					<u>20,989</u>	<u>20,184</u>
Unallocated corporate expenses					<u>(32,523)</u>	<u>(18,511)</u>
Profit before tax					<u>40,048</u>	<u>77,814</u>
<b>Other information</b>						
Depreciation and amortisation	<u>(22,999)</u>	<u>(26,909)</u>	<u>(401)</u>	<u>(407)</u>	<u>(23,400)</u>	<u>(27,316)</u>
Additions to non-current assets (property, plant and equipment and investment properties) during the period	<u>2,945</u>	<u>1,761</u>	<u>23</u>	<u>213</u>	<u>2,968</u>	<u>1,974</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	
	30.9.2018 (Unaudited) HK\$'000	31.3.2018 (Audited) HK\$'000	30.9.2018 (Unaudited) HK\$'000	31.3.2018 (Audited) HK\$'000	30.9.2018 (Unaudited) HK\$'000	31.3.2018 (Audited) HK\$'000	30.9.2018 (Unaudited) HK\$'000	31.3.2018 (Audited) HK\$'000
<b>ASSETS</b>								
Segment assets	<u>864,116</u>	<u>772,660</u>	<u>594,545</u>	<u>607,340</u>	<u>-</u>	<u>-</u>	<u>1,458,661</u>	<u>1,380,000</u>
Financial asset at fair value through profit or loss	<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>533,613</u>	<u>1,249,413</u>	<u>533,613</u>	<u>1,249,413</u>
<b>Consolidated total assets</b>	<u>864,116</u>	<u>772,660</u>	<u>594,545</u>	<u>607,340</u>	<u>538,358</u>	<u>1,254,158</u>	<u>1,997,019</u>	<u>2,634,158</u>
<b>LIABILITIES</b>								
Segment liabilities	<u>71,792</u>	<u>127,166</u>	<u>130,543</u>	<u>40,365</u>	<u>-</u>	<u>-</u>	<u>202,335</u>	<u>167,531</u>

## 5. SEGMENT INFORMATION (Continued)

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 Six months ended		Non-current assets	
	30.9.2018 (Unaudited) HK\$'000	30.9.2017 (Unaudited) HK\$'000	30.9.2018 (Unaudited) HK\$'000	31.3.2018 (Audited) HK\$'000
Hong Kong (country of domicile)	445,405	485,188	712,152	719,759
Australia	10,190	8,853	349,593	373,031
	<u>455,595</u>	<u>494,041</u>	<u>1,061,745</u>	<u>1,092,790</u>

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 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\$196,104,000 (six months ended 30 September 2017: HK\$213,911,000) out of the Group's revenue of HK\$455,595,000 (six months ended 30 September 2017: HK\$494,041,000) was contributed by two (six months ended 30 September 2017: two) customers. No other single customer contributed 10% or more to the Group's revenue for both periods in 2018 and 2017.

## 6. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2017: 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	
	30.9.2018 (Unaudited) HK\$'000	30.9.2017 (Unaudited) HK\$'000
Current tax:		
– Hong Kong Profits Tax	10,240	10,740
– Overseas Income Tax	530	214
	<u>10,770</u>	<u>10,954</u>
Over provision in prior period:		
– Hong Kong Profits Tax	15	(11)
– Overseas Income Tax	–	(597)
	<u>15</u>	<u>(608)</u>
Deferred tax:		
– Current period	(3,515)	(740)
Income tax expense	<u>7,270</u>	<u>9,606</u>

## **7. DIVIDENDS**

During the current interim period, a final dividend of HK4 cents (2017: HK4 cents) per share and a special interim dividend of HK25 cents (2017: HK2 cents) per share in respect of the year ended 31 March 2018 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\$695,395,000 (2017: HK\$143,874,000).

Subsequent to the end of the current interim period, the Directors have determined that an interim dividend of HK1 cent (six months ended 30 September 2017: HK2 cents) per share will be paid to the owners of the Company whose names appear on the Register of Members on 13 December 2018.

## **8. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK\$32,537,000 (six months ended 30 September 2017: HK\$67,923,000) and on 2,397,917,898 (six months ended 30 September 2017: 2,397,917,898) ordinary shares in issue during the period.

For the six months ended 30 September 2018 and 2017, 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\$11,000 (six months ended 30 September 2017: HK\$298,000) for sale proceeds of HK\$134,000 (six months ended 30 September 2017: HK\$73,000), resulting in a gain on disposal of HK\$123,000 (six months ended 30 September 2017: loss of HK\$225,000).

In addition, during the current interim period, the Group acquired property, plant and equipment of HK\$2,968,000 (six months ended 30 September 2017: HK\$1,974,000).

## **10. MOVEMENTS IN INVESTMENT PROPERTIES**

No addition (six months ended 30 September 2017: 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 2018 (six months ended 30 September 2017: Nil). Consequently, no revaluation surplus or deficit has been recognised in the current interim period.

## **11. LOAN AND INTEREST 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 1.6% per annum to 18% per annum (31 March 2018: 1.3% per annum to 18% per annum), mutually agreed between the contracting parties.

At 30 September 2018, all loan receivables were secured by the 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 during 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 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 allowance for doubtful debts presented based on invoice dates at the end of the reporting period:

	<b>30.9.2018</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2018 (Audited) HK\$'000
0-60 days	<b>54,465</b>	52,115
61-90 days	<b>19,710</b>	22,996
Over 90 days	<b>43,643</b>	43,302
	<hr/> <b>117,818</b> <hr/>	<hr/> 118,413 <hr/>

## 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>30.9.2018</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2018 (Audited) HK\$'000
0-60 days	<b>6,860</b>	7,933
61-90 days	<b>87</b>	306
Over 90 days	<b>2,121</b>	2,269
	<hr/> <b>9,068</b> <hr/>	<hr/> 10,508 <hr/>

## 14. SHARE CAPITAL

	<b>Number of shares</b>	<b>HK\$'000</b>
Issued and fully paid:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 30 September 2018, ordinary shares with no par value	<hr/> <b>2,397,917,898</b> <hr/>	<hr/> 1,413,964 <hr/>

## 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:

	Premises HK\$'000	Printing equipment HK\$'000	30.9.2018 (Unaudited) Total HK\$'000	31.3.2018 (Audited) Total HK\$'000
Within one year	2,551	2,502	5,053	4,977
In the second to fifth year	514	7,088	7,602	9,861
	<u>3,065</u>	<u>9,590</u>	<u>12,655</u>	<u>14,838</u>

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

	30.9.2018 (Unaudited) HK\$'000	31.3.2018 (Audited) HK\$'000
Within one year inclusive	20,471	24,957
In the second to fifth year	48,965	62,166
	<u>69,436</u>	<u>87,123</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 date 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 rental receivables.

## 17. RELATED PARTY TRANSACTIONS

The Group paid legal fees amounting to HK\$668,000 (six months ended 30 September 2017: HK\$155,000) 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:

	Six months ended 30.9.2018 (Unaudited) HK\$'000	30.9.2017 (Audited) HK\$'000
Salary and short-time benefit	17,465	17,170
Post-employment benefit	27	27

**18. CAPITAL COMMITMENTS**

	<b>30.9.2018</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.3.2018 (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. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS**

The interim financial statements were approved by the Board of Directors on 23 November 2018.



# Management Discussion and Analysis

## RESULTS

For the six months ended 30 September 2018 (the “Reporting Period”), the unaudited consolidated profit attributable to owners of Oriental Press Group Limited (the “Company”) amounted to HK\$32,537,000. As compared to same period last year, the profit decreased HK\$35,386,000, representing a drop of 52%.

## 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 2018 amounted to HK\$787,528,000 (31 March 2018: HK\$1,433,565,000), which includes time deposits, bank balances and cash amounting to HK\$533,613,000 (31 March 2018: HK\$1,249,413,000). As at 30 September 2018, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 0.38% (31 March 2018: 0.3%).

During the Reporting Period, the Group’s capital expenditure was HK\$2,968,000 (31 March 2018: HK\$10,963,000).

## DIVIDENDS

The directors of the Company (the “Directors”) recommend an interim dividend of HK1 cent (2017: HK2 cents and special interim dividend of HK25 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 13 December 2018. The proposed interim dividend will be payable on or around 24 December 2018.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 12 December 2018 to 13 December 2018 (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 11 December 2018.

## 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 42 consecutive years. It is truly “The Paper for Hong Kong”. Having been with Hong Kong people for half a century, “Oriental Daily News” serves as the Fourth Estate in monitoring the government and expressing the voice of the people. Therefore, it enjoys high popularity among the readers and receives extensive support of its advertisers. Despite the gradual popularity of digital media in recent years, which has threatened the dominance of printed media in the market, “Oriental Daily News” has been able to maintain its leading position and authoritativeness because of its aggressiveness, courage to speak out and solid foundation. During the Reporting Period, even though “Oriental Daily News” has been affected by external factors, its distribution and advertising income were still competitive compared with its peers, reflecting the unparalleled strength of “Oriental Daily News”.

“**on.cc**” continues to be the news portal with the largest number of page views and the longest time of viewing in Hong Kong. It has recorded 5.59 million monthly unique visitors, over 10 million active website users, 62 million highest monthly page views and more than 7.87 million downloads of mobile applications. During the Reporting Period, “on.cc” kept close track of current affairs worldwide. In order to make news browsing more reader-friendly, “on.cc” rearranged the pages into “Hong Kong and Macau”, “Cross-Straits”, “Asia, Europe and Africa” and “America”, with different colour schemes to distinguish different regions. In addition, “on.cc” also made constant efforts to enhance its functions. “on.cc” has included the “Moovit” function to its mobile application to provide users with information of public transport routes. Its mobile application “Racecourse Boss” has also included an icon function “Smart Money” (聰明錢) during the new horse racing season to provide horse racing fans with professional data analysis while contributing to the Group’s revenue.

“**ontv**” is the first online television station in Hong Kong to provide real-time news videos on a 24-hour basis. Of these, commentary programmes including “Wong’s Commentaries” (阿王辣爆), “Yunkee Dessert” (潤記糖水) and “Launch Pad” (發射台) address current issues in our society. “Yuk-man’s Special Zone” (毓民特區), a new programme launched during the Reporting Period, discusses topics which evoke extensive resonance among the public. Also “ontv” has continued to expand its market share in live broadcast of sports events. In addition to obtaining the live broadcast rights of the games of Hong Kong Premier League and A1 Division Championship for the past succeeding years, “ontv” has even expanded into other events including free sparring, cycling, lacrosse and American football for the first time during the Reporting Period, further reinforcing the leading position of “ontv” in the industry.

“**Money18**” is one of the financial information websites with the highest page views in Hong Kong and is also the free real-time stock quote website designated by HKEX. During the Reporting Period, the number of downloads of the mobile applications exceeded 1.98 million, while the number of followers on its Facebook was close to 80,000, making it the most popular financial information social platform in Hong Kong. “Money18” is well received by investors and professionals of the industry for its real-time stock quote function together with information such as stock information, recommendations on investment, real-time financial news, economic reviews and financial topics. “Money18” is committed to building a professional and diversified platform of financial information, with its partners including international media and major real estate agents in Hong Kong, proving that it is highly recognised in the market.

Clouded by the US-China trade war, the investment sentiment in Hong Kong turned bearish during the Reporting Period. Advertisers became more prudent in their investment of resources in the printed media. This, coupled with the government's housing policies which had the effect on the efforts of local property developers to promote new projects, created pressure on "Oriental Daily News" to generate stable and considerable advertising income. All these factors have caused the advertising income of "Oriental Daily News" to decrease, with the overall revenue declined by approximately 11% as compared with the same period of last year to HK\$377,313,000. On the other hand, the digital media has been increasingly valued by the market in recent years. During the Reporting Period, the market share of the Group in the digital media business has been expanding. The overall revenue increased by approximately 6% as compared with the same period of last year to HK\$61,145,000.

In respect of property investment, the Group's rental properties in Hong Kong and Australia recorded satisfactory return. During the Reporting Period, the rental income from properties in Hong Kong was HK\$3,310,000. The rental income from various properties and license fee income from hotel properties in Australia increased by approximately 15% as compared with the same period last year to AUD1,746,000 in total.

The money lending business continued to generate steady loan interest income for the Group. During the Reporting Period, loan (excluding preferential mortgage loans to employees) interest income amounted to HK\$4,936,000, representing an average rate of return of approximately 5.7%, with no bad debts recorded.

Despite the encouraging results of the Group's cost-saving policies, exchange loss of HK\$13,648,000 was recorded during the Reporting Period. As a result, the overall earnings decreased by approximately 52% to HK\$32,537,000 as compared with HK\$67,923,000 for the same period of last year.

## **BUSINESS OUTLOOK**

In the forthcoming year, the economy of Hong Kong is expected to be affected by the US-China trade war, while the slowdown in the economic growth of China and the currency crisis in emerging markets would also lead to the uncertainties. Moreover, the commencement of an interest rate hike cycle in Hong Kong will depress investor sentiment. Various adverse factors will continue to dampen the consumer market, posing pressure on the advertising income of the Group.

In respect of the Group's business operation, the Board believes that the prospect of the media business will be extremely challenging in the forthcoming year given the rising price of newsprint resulting in the increase of the costs in printed media. In response to the change in the media market, the Group will accelerate the development of the businesses of "on.cc" and "ontv", explore more projects to increase revenue and produce more diversified programmes, with a view to increasing its page views, attracting netizens of different classes and enhancing its influence. The Group is confident in the digital media business, believing that it will experience considerable growth of earnings in the years ahead. With a view to increasing advertising income, the Group will be committed to the integrated promotion of printed media and digital media, and use social media and videos flexibly to cater for the need of the advertising market. For the money lending business, the Group will maintain its prudent style consistently and enhance risk management amid a downturn in the property market of Hong Kong. The Board believes that the rental properties in Hong Kong and Australia will still be able to generate steady rental income in the forthcoming year. The management will continue to study business opportunities which can increase revenue, including exploring the development opportunities presented by the Belt and Road Initiative and the Greater Bay Area. In addition, the management will continue to implement the effective and targeted cost-saving policies, including measures to optimise operating efficiency in terms of daily expenses and staffing. The Board firmly believes that with 50 years of experience in newspaper operation, together with its solid strength, the Group will meet challenges and achieve excellent results even in face of adversity.

## **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 2018, the Group employed 1,379 (31 March 2018: 1,459) 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 2018 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 2018.

### **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 2018 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 2018.

## 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 2018 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 2018.

On behalf of the Board  
**Ching-fat MA**  
Chairman

Hong Kong, 23 November 2018