東方報業集團有限公司
ORIENTAL PRESS GROUP LTD
(Incorporated in Hong Kong with limited liability)
(Stock Code: 18)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The board of directors (the "Board") of Oriental Press Group Limited (the "Company") announces that the unaudited consolidated results for the six months ended 30 September 2016 of the Company and its subsidiaries (collectively, the "Group"), together with the comparative figures for the corresponding period of the previous year, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Notes	30.9.2016 (Unaudited) HK$'000	31.3.2016 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**554,200**	584,522
Leasehold land		**24,026**	24,420
Investment properties	*11*	**221,839**	222,758
Available-for-sale financial asset		**4,745**	4,745
Deferred tax assets		**29,009**	27,125
		833,819	863,570
Current assets			
Inventories		**58,956**	50,871
Loan receivables	*12*	**18,750**	-
Trade receivables	*13*	**137,689**	167,875
Other debtors, deposits and prepayments		**18,893**	16,318
Taxation recoverable		**4,015**	9,884
Cash and bank balances		**1,763,314**	1,735,602
		2,001,617	1,980,550
Current liabilities			
Trade payables	*14*	**17,489**	19,820
Other creditors, accruals and deposits received		**112,732**	108,052
Taxation payable		**11,403**	670
Borrowings		**8,300**	7,963
		149,924	136,505
Net current assets		**1,851,693**	1,844,045
Total assets less current liabilities		**2,685,512**	2,707,615
Non-current liabilities			
Borrowings		**2,842**	3,859
Deferred tax liabilities		**62,919**	62,940
		65,761	66,799
Net assets		**2,619,751**	2,640,816
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**1,413,964**	1,413,964
Reserves		**1,202,541**	1,223,546
		2,616,505	2,637,510
Non-controlling interests		**3,246**	3,306
Total equity		**2,619,751**	2,640,816

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

1. BASIS OF PREPARATION

The financial information relating to the year ended 31 March 2016 that is included in the interim results announcement for the six months ended 30 September 2016 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

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

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

This interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. Accordingly, no prior period adjustment has been required.

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

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

[1] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
[3] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted
[4] The original effective date has been deferred to a date yet to be determined

3. PRIOR YEAR ADJUSTMENTS

During the year ended 31 March 2016, Hong Kong Science and Technology Parks Corporation ("HKSTP"), management of the Tai Po Industrial Estate, has terminated the "2008 Assignment Arrangement", whereby the lessee was allowed to assign the lease to a third party for a consideration mutually agreed by both parties so long as the conditions stipulated by HKSTP were fulfilled. Accordingly, the value of the Group's leasehold land and building known as Oriental Press Centre situated in the Tai Po Industrial Estate would be evaluated by the way of calculation of surrender consideration as prescribed in the lease agreement (the "Lease Agreement") in the event that the Group terminates the lease with HKSTP before its expiry date.

Following the termination of the "2008 Assignment Arrangement", the Directors have conducted a comprehensive review of the impact of this matter to the consolidated financial statements. The surrender consideration as prescribed in the Lease Agreement does not conform to the definition of fair value as defined in HKFRS 13 Fair value measurement. Given the restriction on assignment of the lease to another party, it is no longer possible to derive a fair value (as defined in HKFRS 13) for the property held under the Lease. Therefore, in the opinion of the Directors, it now becomes more appropriate for the Oriental Press Centre to be measured on cost model (i.e. cost less depreciation and impairment basis) in accordance with HKAS 16 rather than the use of the fair value model as previously reported.

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

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

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

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

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

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

5. REVENUE

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

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

6. SEGMENT INFORMATION

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

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

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

6. **SEGMENT INFORMATION (Continued)**

Reportable segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

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

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

	Revenue from external customers Six months ended		Non-current assets	
	30.9.2016	30.9.2015	**30.9.2016**	31.3.2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (country of domicile)	**500,835**	596,490	**562,812**	603,001
Australia	**6,434**	7,237	**237,253**	228,699
	507,269	603,727	**800,065**	831,700

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

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

7. INCOME TAX EXPENSE/(CREDIT)

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

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

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

8. DIVIDENDS

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

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

9. EARNINGS/(LOSS) PER SHARE

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

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

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK$12,399,000 (six months ended 30 September 2015: HK$1,621,000) for sale proceeds of HK$13,632,000 (six months ended 30 September 2015: HK$4,000), resulting in a gain on disposal and write-off of HK$1,233,000 (six months ended 30 September 2015: loss of HK$1,617,000).

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

11. MOVEMENTS IN INVESTMENT PROPERTIES

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

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

12. LOAN RECEIVABLES

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

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

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

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

13. TRADE RECEIVABLES

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

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

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

14. TRADE PAYABLES

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

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

15. SHARE CAPITAL

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

16. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	30.9.2016 (Unaudited) HK$'000	31.3.2016 (Audited) HK$'000
Within one year	**264**	1,360

The Group leases a number of premises under operating leases. The leases run for an initial period of half to three years, with an option to renew the lease terms and negotiate the terms at the expiry date or at the dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

17. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the investment properties as follows:

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

17. OPERATING LEASE ARRANGEMENTS (Continued)

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

18. RELATED PARTIES TRANSACTIONS

The Group paid legal fees amounting to HK$476,000 (six months ended 30 September 2015: HK$143,000) to Messrs. Iu, Lai & Li. Mr. Dominic LAI, a non-executive Director, is a senior partner of Messrs. Iu, Lai & Li, during the current interim period. The transaction prices were considered by the Directors as estimated market price.

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

	30.9.2016	30.9.2015
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Salary and short-term benefit	**17,160**	17,339
Post-employment benefit	**27**	27

19. CAPITAL COMMITMENTS

	30.9.2016	31.3.2016
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and refurbishment to investment properties, contracted but not provided for in the financial statements	**196**	413

20. OUTSTANDING LITIGATIONS

At the end of the reporting period, there were several outstanding defamatory and other litigations brought against the Group. The Group has been strongly contesting those claims. Based on legal opinion, the Directors are of the opinion that adequate provision has been made in the financial statements to cover any potential liabilities that might arise from the litigations.

21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

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

FINANCIAL RESOURCES AND LIQUIDITY

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

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

DIVIDENDS

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

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 7 December 2016 to 8 December 2016 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the interim dividend and special dividend, all transfers accompanied with the relevant Share certificates must be deposited with the Company's Share registrar, Tricor Friendly Limited, whose address is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 6 December 2016.

BUSINESS REVIEW

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

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

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

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

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

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

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

BUSINESS OUTLOOK

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

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

EXPOSURE TO FOREIGN EXCHANGE

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

EMPLOYEES AND REMUNERATION POLICIES

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

OTHER INFORMATION

REVIEW OF INTERIM RESULTS

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

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

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

PUBLICATION OF INTERIM REPORT

The interim report for the six months ended 30 September 2016 will be dispatched to the Shareholders and published on both of the websites of the Company and the Stock Exchange in due course.

On behalf of the Board
Ching-fat MA
Chairman

Hong Kong, 18 November 2016

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