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東方報業集團有限公司

ORIENTAL PRESS GROUP LTD

(Incorporated in Hong Kong with limited liability)

(Stock Code: 18)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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 2019 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 2019

		Six months ended	
		30.9.2019	30.9.2018
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
			(Restated)
Revenue	4	436,181	460,531
Other income	4	24,124	22,932
Raw materials and consumables used		(71,032)	(80,577)
Staff costs including directors' emoluments		(258,629)	(271,953)
Depreciation		(24,908)	(23,006)
Other operating expenses		(50,422)	(54,213)
Net exchange loss		(11,276)	(13,648)
Net gain on disposal and write-off of property, plant and equipment		317	123
Profit from operations		44,355	40,189
Finance costs		(130)	(141)
Profit before tax		44,225	40,048
Income tax expense	6	(7,611)	(7,270)
Profit for the period		36,614	32,778
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
- Exchange loss on translation of financial statements of foreign operations		(6,709)	(9,326)
Other comprehensive expense for the period, net of tax		(6,709)	(9,326)
Total comprehensive income for the period		29,905	23,452

		Six months ended	
		30.9.2019	30.9.2018
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	<i>Note</i>		
Profit for the period attributable to:			
Owners of the Company		36,512	32,537
Non-controlling interests		102	241
		36,614	32,778
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		30,111	23,644
Non-controlling interests		(206)	(192)
		29,905	23,452
Earnings per share			
- Basic	8	HK1.52 cents	HK1.36 cents
- Diluted		HK1.52 cents	HK1.36 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2019

		30.9.2019	31.3.2019
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	518,848	538,505
Investment properties	10	466,182	483,345
Leasehold land		21,662	22,056
Financial asset at fair value through profit or loss		11,154	11,154
Loans receivables	11	10,291	10,604
Deferred tax assets		11,368	9,543
		1,039,505	1,075,207
Current assets			
Inventories		62,282	59,443
Trade receivables	12	88,199	98,861
Loans and interest receivables	11	133,503	201,092
Other debtors, deposits and prepayments		14,396	13,364
Taxation recoverable		4,757	10,333
Cash and cash equivalents		639,591	524,039
		942,728	907,132
Current liabilities			
Trade payables	13	12,408	13,468
Other creditors, accruals and deposits received		72,946	56,923
Contract liabilities		6,979	6,020
Taxation payable		6,437	2,693
Borrowings		6,353	6,691
		105,123	85,795
Net current assets		837,605	821,337
Total assets less current liabilities		1,877,110	1,896,544
Non-current liabilities			
Deferred tax liabilities		69,642	71,023
Net assets		1,807,468	1,825,521
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	1,413,964	1,413,964
Reserves		387,202	405,049
		1,801,166	1,819,013
Non-controlling interests		6,302	6,508
Total equity		1,807,468	1,825,521

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

	Equity attributable to owners of the Company						
	Share capital HK\$'000	Exchange reserve HK\$'000 (Note)	Properties revaluation reserve HK\$'000 (Note)	Retained profits HK\$'000 (Note)	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 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)
Transaction 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
At 30 September 2018 (unaudited)	1,413,964	14,893	9,700	349,013	1,787,570	7,114	1,794,684
At 1 April 2019 (audited)	1,413,964	13,008	9,700	382,341	1,819,013	6,508	1,825,521
Dividends paid (Note 7)	-	-	-	(47,958)	(47,958)	-	(47,958)
Transactions with owners of the Company	-	-	-	(47,958)	(47,958)	-	(47,958)
Profit for the period	-	-	-	36,512	36,512	102	36,614
Other comprehensive expense for the period							
- Exchange loss on translation of financial statements of foreign operations	-	(6,401)	-	-	(6,401)	(308)	(6,709)
Total comprehensive (expense)/income for the period	-	(6,401)	-	36,512	30,111	(206)	29,905
At 30 September 2019 (unaudited)	1,413,964	6,607	9,700	370,895	1,801,166	6,302	1,807,468

Note: These reserve accounts comprise of the consolidated reserves of HK\$387,202,000 (six months ended 30 September 2018: HK\$373,606,000) 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 2019**

1. BASIS OF PREPARATION

The financial information relating to the year ended 31 March 2019 that is included in the interim condensed consolidated financial statements for the six months ended 30 September 2019 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 2019 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 2019.

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 2019 are the same as those followed in the preparation of the Group's financial statements for the year ended 31 March 2019.

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 16	Leases
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015 - 2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKAS 19 (Amendments)	Employee Benefits
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HK (IFRIC) - Int 23	Uncertainty over Income Tax Treatments

Except as described in Note 2.1, 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 3 (Amendments)	Definition of a Business ²
HKFRS 10 (Amendments) and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 17	Insurance contracts ³
HKAS 1 and HKAS 8 (Amendments)	Definition of Material ¹

Notes:

¹ Effective for annual periods beginning on or after 1 January 2020.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective date to be determined.

2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases

The Group has initially applied HKFRS 16 on 1 April 2019. HKFRS 16 replaces HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an arrangement contains a lease, HK(SIC) 15 Operating leases — incentives, and HK(SIC) 27 Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases (Continued)

(a) New definition of a lease (Continued)

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets.

i Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies on application of HKFRS 16 Leases (Continued)

(b) Lessee accounting (Continued)

ii Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

(c) Lessor accounting

HKFRS 16 substantially carries forward the lessor accounting requirements of the superseded HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

(d) Transitional impact and practice expedients applied

The Group has reviewed the impact of HKFRS 16 on all its contracts that are, or that contain, leases with effect from 1 April 2019. Based on the practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of recognition of lease liability and right-of-use asset to leases for which the lease term ends within 12 months of the date of initial application and the leased assets are low value assets.

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	HK\$'000
Operating lease commitments at 31 March 2019	8,707
Less: Recognition exemption for lease with less than 12 months of lease term at transition	(368)
Less: Recognition exemption for lease of low value assets	(8,339)
Lease liabilities at 1 April 2019	-

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 2019.

For the six months ended 30 September 2019, 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, interest earned on loans receivables and income from provision of services. Revenue recognised during the period is as follows:

Due to the establishment of money lending segment, the interest earned on loans receivables for prior period has been reclassified.

	Six months ended	
	30.9.2019	30.9.2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
Revenue from contracts with customers recognised at a point in time:		
Publication of newspaper and advertising income	356,200	377,313
Internet advertising income	58,101	61,101
Income from restaurant operation	3,541	3,636
Revenue from contracts with customers recognised over time:		
Internet subscription	-	44
Revenue from other sources:		
Interest earned on loan receivables	6,903	4,936
License fee income from hotel property	5,164	5,367
Rental income from investment properties	6,272	8,134
	436,181	460,531
Key other income are as follows:		
Other income from contracts with customers recognised at a point in time:		
Scrap materials	1,126	1,517
Other service income	9,281	10,098
Other income from contracts with customers recognised over time:		
Other service income	6,980	6,462
Other income from other sources:		
Interest earned on bank deposits	4,333	3,432

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 two reportable operating segments, the publication of newspaper and money lending business. The publication of newspaper include internet subscription and relevant advertising income. The revenue of other operating segments include rental income from investment properties, license fee income from hotel property and income from restaurant operation.

Reportable segment revenue represented turnover of the Group in the 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, net exchange loss, bank interest income, sundry income and finance costs.

Due to the establishment of money lending segment, the corresponding figures for prior period has been reclassified.

Reconciliation between the reportable segment profit or loss to the Group's profit before tax is presented below:

	Publication of newspaper		Money lending business		All other segments		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)				(Restated)
Reportable segment revenue from external customers	414,301	438,458	6,903	4,936	14,977	17,137	436,181	460,531
Reportable segment profit	49,153	45,913	6,483	2,619	2,564	5,669	58,200	54,201
Unallocated corporate income							17,975	16,053
Unallocated corporate expenses							(31,950)	(30,206)
Profit before tax							44,225	40,048
Other information								
Depreciation and amortisation	(24,876)	(22,999)	-	-	(426)	(401)	(25,302)	(23,400)
Additions to property, plant and equipment during the period	5,229	2,945	-	-	245	23	5,474	2,968

Reportable segment assets and liabilities

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

	Publication of newspaper		Money lending business		All other segments		Unallocated		Total	
	30.9.2019	31.3.2019	30.9.2019	31.3.2019	30.9.2019	31.3.2019	30.9.2019	31.3.2019	30.9.2019	31.3.2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS										
Segment assets	607,711	632,514	145,007	211,717	578,770	602,915	-	-	1,331,488	1,447,146
Financial asset at fair value through profit or loss	-	-	-	-	-	-	11,154	11,154	11,154	11,154
Cash and cash equivalents	-	-	-	-	-	-	639,591	524,039	639,591	524,039
Consolidated total assets	607,711	632,514	145,007	211,717	578,770	602,915	650,745	535,193	1,982,233	1,982,339
LIABILITIES										
Segment liabilities	135,593	116,872	2,307	1,258	36,865	38,688	-	-	174,765	156,818

5. SEGMENT INFORMATION (Continued)

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

	Revenue from external customers Six months ended		Non-current assets	
	30.9.2019 (Unaudited) HK\$'000	30.9.2018 (Unaudited) HK\$'000 (Restated)	30.9.2019 (Unaudited) HK\$'000	31.3.2019 (Audited) HK\$'000
Hong Kong	426,191	450,341	679,600	699,211
Australia	9,990	10,190	327,092	344,695
	436,181	460,531	1,006,692	1,043,906

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 the 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 Company operates.

During the current interim period, HK\$207,573,000 (six months ended 30 September 2018: HK\$196,104,000) out of the Group's revenue of HK\$436,181,000 (six months ended 30 September 2018 (Restated): HK\$460,531,000) was contributed by two (six months ended 30 September 2018: two) customers. No other single customer contributed 10% or more to the Group's revenue for both periods in 2019 and 2018.

6. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the period, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the new two-tiered tax rate regime with effect from the year of assessment 2018/2019. The two tiered profits tax rates regime is applicable to one entity within the Group for the period ended 30 September 2019 and 2018.

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	
	30.9.2019 (Unaudited) HK\$'000	30.9.2018 (Unaudited) HK\$'000
Current tax:		
- Hong Kong Profits Tax	9,474	10,240
- Overseas Income Tax	92	530
	9,566	10,770
Under provision in prior period:		
- Hong Kong Profits Tax	-	15
Deferred tax:		
- Current period	(1,955)	(3,515)
Income tax expense	7,611	7,270

7. DIVIDENDS

During the current interim period, a final dividend of HK2 cents (2018: HK4 cents) per share and no special interim dividend (2018: HK25 cents per share) in respect of the year ended 31 March 2019 was declared and paid to the owners of the Company. The aggregate of the final dividends declared and paid in the interim period amounts to HK\$47,958,000 (2018: HK\$695,395,000).

The Directors have resolved not to pay interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: interim dividend HK1 cent per share).

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK\$36,512,000 (six months ended 30 September 2018: HK\$32,537,000) and on 2,397,917,898 (six months ended 30 September 2018: 2,397,917,898) ordinary shares in issue during the period.

For the six months ended 30 September 2019 and 2018, 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\$8,000 (six months ended 30 September 2018: HK\$11,000) for sale proceeds of HK\$325,000 (six months ended 30 September 2018: HK\$134,000), resulting in a gain on disposal of HK\$317,000 (six months ended 30 September 2018: HK\$123,000).

In addition, during the current interim period, the Group acquired property, plant and equipment of HK\$5,474,000 (six months ended 30 September 2018: HK\$2,968,000).

10. MOVEMENTS IN INVESTMENT PROPERTIES

No addition (six months ended 30 September 2018: Nil) of investment properties were made during the current interim period.

At the end of the current interim period, the Group's investment properties carried at fair value 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 2019. Consequently, no revaluation surplus or deficit has been recognised in the current interim period.

11. LOANS AND INTEREST RECEIVABLES/LOANS RECEIVABLES

	30.9.2019 (Unaudited) HK\$'000	31.3.2019 (Audited) HK\$'000
Analysed as:		
Current – Loans and interest receivables	133,503	201,092
Non-current – Loans receivables	10,291	10,604
	143,794	211,696

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 9.84% per annum (31 March 2019: 1.6% per annum to 24% per annum), mutually agreed between the contracting parties.

11. LOANS AND INTEREST RECEIVABLES/LOANS RECEIVABLES (Continued)

At 30 September 2019, all loan receivables were secured by properties in Hong Kong. Secured loans receivables carry with maturity ranging from 1 year to 18 years (31 March 2019: 1 year to 19 years). The amounts of principal will be receivable on respective maturity dates and by monthly instalments.

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 expected credit loss ("ECL") which are based on collaterals against loans receivables, borrowers' creditworthiness, the payment delinquency or default in interest or principal payments, borrowers' business and the industry to which borrowers belong and local economic conditions. The Directors are of the opinion that no loss allowance for ECL is necessary for these balances as there has not been a significant change in credit risk and the respective principals and interests that have been overdue were fully secured by the fair values of collaterals at their respective estimated selling prices. The fair value of the collateral (property interests) is higher than the carrying amount of these receivables at the end of the reporting period. Accordingly, the ECL of these balances is minimal.

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 is the functional currency of the group entities to which these balances relate.

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

	30.9.2019 (Unaudited) HK\$'000	31.3.2019 (Audited) HK\$'000
0 – 60 days	43,299	41,803
61 – 90 days	14,794	18,939
Over 90 days	30,106	38,119
	88,199	98,861

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:

	30.9.2019 (Unaudited) HK\$'000	31.3.2019 (Audited) HK\$'000
0 – 60 days	10,428	11,811
61 – 90 days	87	284
Over 90 days	1,893	1,373
	12,408	13,468

14. SHARE CAPITAL

	Number of shares	HK\$'000
Issued and fully paid:		
At 1 April 2018, 31 March 2019, 1 April 2019 and 30 September 2019, ordinary shares with no par value	2,397,917,898	1,413,964

15. OPERATING LEASE COMMITMENTS

As lessee

The Group leases a number of printing equipment and premises under operating leases. The leases run for an initial period of two to five years, with an option to renew the lease terms and negotiate the terms at the expiry date or at the dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals. As at 30 September 2019, the leases either have a remaining lease term of 12 months or less or lease of low value assets.

(a) Under HKAS 17 applicable before 1 April 2019

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:

	31.3.2019 (Audited) Total HK\$'000
Within one year	2,778
In the second to fifth year	5,929
	<u>8,707</u>

(b) Under HKFRS 16 applicable from 1 April 2019

As at 30 September 2019, the expected future cash outflows of the Group for the lease commitment which either have a remaining lease term of 12 months or less or lease of low value assets are as follows:

	30.9.2019 (Unaudited) Total HK\$'000
Within one year	2,732
In the second to fifth year	3,336
	<u>6,068</u>

For the six months ended 30 September 2019, rental expenses for short-term lease and low value assets amounted HK\$138,000 and HK\$1,251,000 respectively.

16. OPERATING LEASE ARRANGEMENTS

As lessor

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:

	30.9.2019 (Unaudited) HK\$'000	31.3.2019 (Audited) HK\$'000
Within one year	24,725	22,211
In the second to fifth year	53,847	45,656
	78,572	67,867

The Group leases its investment properties under operating lease arrangements which run for an initial period of half to five 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\$374,000 (six months ended 30 September 2018: HK\$668,000) 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.

During the current interim period, the Group had rendered service amounting to HK\$540,000 (six months ended 30 September 2018: Nil) to AMA Holdings Pty Ltd ("AMA"). Mr. Walter MARR, a director of the Company's subsidiary, is a director and shareholder of AMA. As at 19 June 2019, Mr. Walter MARR resigned as a director of AMA. The transaction prices were considered by the Directors as estimated market price.

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

	30.9.2019 (Unaudited) HK\$'000	30.9.2018 (Unaudited) HK\$'000
Salary and short-time benefit	17,463	17,465
Post-employment benefit	18	27

18. CAPITAL COMMITMENTS

	30.9.2019 (Unaudited) HK\$'000	31.3.2019 (Audited) HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment, contracted but not provided for in the financial statements	114	114

19. OUTSTANDING LITIGATIONS

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

20. EVENT AFTER REPORTING PERIOD

On 9 October 2019, Oriental FA Limited (“OFA”), a wholly owned subsidiary of the Company, as lender, entered into a loan agreement with an independent third party as borrower, pursuant to which OFA agreed to grant a secured loan in the principal amount of HK\$80,000,000 at interest rate of 9% per annum to the borrower for a term of 12 months.

Further details of the loan agreement are set out in the Group’s announcement dated 9 October 2019.

21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Board of Directors on 21 November 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 September 2019 (the “Reporting Period”), the revenue of Oriental Press Group Limited (the “Company”) amounted to HK\$436,181,000, decreased by HK\$24,350,000 or 5% as compared to the same period last year. The unaudited consolidated profit attributable to owners of the Company amounted to HK\$36,512,000, increased by 12% as compared to the same period last year, which was mainly due to the effective implementation of various cost-saving measures.

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 2019 amounted to HK\$837,605,000 (31 March 2019: HK\$821,337,000), which includes time deposits, bank balances and cash amounting to HK\$639,591,000 (31 March 2019: HK\$524,039,000). As at 30 September 2019, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 0.4% (31 March 2019: 0.4%).

CAPITAL EXPENDITURE

During the Reporting Period, the Group’s capital expenditure was HK\$5,474,000 (31 March 2019: HK\$9,087,000).

CONTINGENT LIABILITY

As at 30 September 2019, the Group had no material contingent liability.

DIVIDENDS

The directors of the Company (the “Directors”) have decided not to pay any interim dividend for the six months ended 30 September 2019 (2018: interim dividend of HK1 cent per share).

BUSINESS REVIEW

“**Oriental Daily News**” continues to be the best-selling and most widely-read and paid newspaper in Hong Kong, and has so remained for the last 43 consecutive years. It is truly “The Paper for Hong Kong”. During the Reporting Period, Hong Kong experienced the most serious social unrest since return of its sovereignty to China. Unfounded rumours, false and biased information spread widely in the community. Upholding its truth-seeking spirit, “Oriental Daily News” reported facts courageously and impartially, thereby building up an excellent reputation, and proving there is value in the truth. The market conditions of retail industries have deteriorated sharply amid protests and commotion which have lasted for several months and are still continuing. Some advertisers had to suspend and even shelve their promotion plans and activities, affecting the advertising income of “Oriental Daily News”.

For years, “**on.cc**” has been the news portal with the largest number of page views and the longest time of viewing in Hong Kong. During the Reporting Period, protests and conflicts were staged in every district of Hong Kong continuously. “on.cc” kept close track of the situation and provided the latest and fastest news and information, drawing extensive praises. Its website and mobile platform recorded unprecedented monthly total page views of 830 million, more than 8.7 million downloads of mobile applications, 5.59 million monthly unique visitors and over 10 million monthly active users. “on.cc” carried out a major revamp in September this year and launched “on.cc News Channel” (東網新聞台) which focuses on exclusive news, supplemented by diversified programmes. It is practically the fastest and most inclusive online news channel. As a news media platform that combines information and functionality, “on.cc” utilised enormous data analysis to optimise news production and increase efficiency. “on.cc” kept making innovations constantly. Its membership reward programme “Reward Viewing”(賞您睇) has been well received, doubling page views and attracting a large number of new users successfully.

As the first online television station in Hong Kong, “ontv” provides videos of diversified contents including current affairs, entertainment, finance, sports, lifestyle and horse racing on a 24-hour basis. “on.cc News Channel”, which was launched in September this year, provides update sensational information with detail and contents. Among its programmes, “on.cc News on the Hour” (東網正點新聞), which is updated on an hourly basis, is hosted by experienced anchors, with focus on local, cross-Straits and international news. Readers worldwide can keep track of the current political situation of Hong Kong with the fastest live news on their mobile phones. Within just one week, the programme recorded a total of more than 7 million views. By providing live coverage of various types of sports events, “ontv Sports” of “ontv” has built up an excellent reputation, and became one of the most recognised live sports broadcasting platform in Hong Kong.

“Money18” is the financial information website with the highest page views in Hong Kong as well as a free real-time stock quote website designated by Hong Kong Exchanges and Clearing Limited. With more than 284 million monthly page views, over 2 million downloads of mobile applications and more than 86,000 followers on Facebook, it is the most popular financial information social platform in Hong Kong. During the Reporting Period, “Money18” launched a new version of its mobile application, with a major revamp to its layout. The application provides extensive contents and useful information. In addition to the real-time stock quote function, stock screening tools including stock technical indicators and unusual movement radar were added. The application pools financial news and information and provides professional market tracking analysis. It is one of the most popular financial information mobile applications in Hong Kong. “Money18” is also committed to developing live broadcast and diversified programmes. With its accumulated viewership setting record highs continuously, “Money18” is increasingly favoured by title sponsors in the business sector.

During the Reporting Period, local retail industries were hit hard by waves of protests and riots triggered by the anti-extradition bill movement and social unrest. This, coupled with increased US-China trade tensions, had dampened the willingness to invest. The advertising income of “Oriental Daily News” was affected as a result. Fortunately, revenue from distribution remained stable, bringing the overall revenue for the Reporting Period to HK\$356,200,000, representing a moderate decline of 5.6% as compared with the same period last year. In respect of the digital media, the overall revenue amounted to HK\$58,101,000, representing a decrease of 4.9% as compared with the same period last year. “on.cc” benefited from an increase in its readers of different classes as well as a surge in downloads and page views during the Reporting Period. However, this did not drive up advertising income due to the weakness in the retail market. Separately, the cost-saving measures introduced by the Group showed excellent results, while streamlining and reorganisation also kept administrative expenses controlled at a reasonable level.

BUSINESS OUTLOOK

The social unrest in Hong Kong in recent months has hurt its economy significantly, with many industries including tourism, hospitality and retail being hit badly. Market conditions further deteriorated as there were no signs of solution to US-China trade war, Brexit, etc. These have posed challenge to the advertising income of the Group for the second half of the financial year under report, and extent of the impact depends on how soon the consumer market of Hong Kong would recover. Nevertheless, the Board believes that when the pessimistic sentiment fades away, given the position and unparalleled strength of “Oriental Daily News” in the industry, together with the integration of online and offline platforms including “on.cc”, “ontv” and “Money18”, the Group is well positioned to restore its overall revenue quickly. A subscription fee will be applied to “Oriental Daily News ePaper” with effect from the beginning of 2020, which the Group believes would generate additional income. In the meantime, the 24-hour “News on the Hour” launched by “ontv” recently will also drive up page views. In respect of marketing strategy, the Group will enhance cooperation with social media, focus on video promotion and explore programmatic marketing to meet market needs. With a view to attracting young users, “on.cc” has specially designed a new mobile platform “SwitchON”, which focuses on topics and information relating to young people, conveying the Group’s professional and quality news to the younger generation.

Given the increasing risks in the property market of Hong Kong, Oriental FA will adjust its strategy in light of market conditions, and provide customers with more flexible financing portfolios. In the meantime, Oriental FA understands that opportunities may arise from crisis as financing activities are most active in an adverse economic cycle. Oriental FA will capitalise on any business opportunity to increase profit from this business.

Clouded by the uncertainty in the global economy, the valuation of investment properties in Hong Kong and Australia might be adjusted downwards in the coming year. Nevertheless, rental income remains relatively steady. Despite the uncertain economic outlook of Hong Kong, the Board is still confident that all business segments of the Group will develop steadily. The Group will keep close track of changes in the situation and adopt prudent and appropriate strategies to maximise operational efficiency.

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 2019, the Group employed 1,309 (31 March 2019: 1,368) 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 2019 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 2019.

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.

SIGNIFICANT MATTERS AFTER THE END OF THE REPORTING PERIOD

There were no events that had a material impact on the Group after the end of the accounting period of the six months ended 30 September 2019 and up to the date of this announcement.

PUBLICATION OF INTERIM REPORT

The interim report for the six months ended 30 September 2019 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, 21 November 2019

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.