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**東方報業集團有限公司**

**ORIENTAL PRESS GROUP LTD**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 18)

## **Announcement of results for the year ended 31 March 2020**

The board of directors of Oriental Press Group Limited (the “Board”) announces that the audited consolidated results of Oriental Press Group Limited (the “Company”) and its subsidiaries (collectively known as the “Group”) for the year ended 31 March 2020 are as follows:

### **Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 March 2020**

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	3	<b>823,014</b>	901,715
Other income	3	<b>43,123</b>	42,744
Raw materials and consumables used		<b>(125,063)</b>	(163,773)
Staff costs including directors' emoluments		<b>(515,450)</b>	(533,356)
Depreciation of property, plant and equipment		<b>(51,198)</b>	(49,626)
Other operating expenses		<b>(101,936)</b>	(105,791)
Fair value adjustments on investment properties		<b>(53,209)</b>	21,000
Fair value adjustments on financial asset at fair value through profit or loss		<b>(1,701)</b>	(2,048)
Net exchange loss		<b>(30,111)</b>	(17,175)
Net gain on disposal and write-off of property, plant and equipment		<b>490</b>	1,283
<b>(Loss) / profit from operations</b>	5	<b>(12,041)</b>	94,973
Finance costs	6	<b>(255)</b>	(275)
<b>(Loss) / profit before tax</b>		<b>(12,296)</b>	94,698
Income tax credit / (expense)	7	<b>729</b>	(13,593)
<b>(Loss) / profit for the year</b>		<b>(11,567)</b>	81,105
<b>Other comprehensive expenses</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Exchange loss on translation of financial statements of foreign operations		<b>(17,301)</b>	(11,293)
<b>Other comprehensive expenses for the year, net of tax</b>		<b>(17,301)</b>	(11,293)
<b>Total comprehensive (expenses) / income for the year</b>		<b>(28,868)</b>	69,812

	Notes	2020 HK\$'000	2019 HK\$'000
<b>(Loss) / profit for the year attributable to:</b>			
Owners of the Company	9	(10,987)	81,388
Non-controlling interests		(580)	(283)
		<b>(11,567)</b>	<b>81,105</b>
<b>Total comprehensive (expense) / income attributable to:</b>			
Owners of the Company		(27,463)	70,610
Non-controlling interests		(1,405)	(798)
		<b>(28,868)</b>	<b>69,812</b>
<b>(Loss) / earnings per share</b>	9		
<b>- Basic</b>		<b>(HK0.46 cents)</b>	<b>HK3.39 cents</b>
<b>- Diluted</b>		<b>(HK0.46 cents)</b>	<b>HK3.39 cents</b>

**Consolidated Statement of Financial Position**  
**As at 31 March 2020**

	Notes	2020 HK\$'000	2019 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		494,495	538,505
Leasehold land		21,268	22,056
Investment properties		383,843	483,345
Financial asset at fair value through profit or loss		9,453	11,154
Loans and interest receivables	12	9,975	10,604
Deferred tax assets		9,553	9,543
		<b>928,587</b>	<b>1,075,207</b>
<b>Current assets</b>			
Inventories	10	52,633	59,443
Trade receivables	11	73,932	98,861
Loans and interest receivables	12	213,947	201,092
Other debtors, deposits and prepayments		23,134	13,364
Taxation recoverable		10,756	10,333
Cash and cash equivalents		594,108	524,039
		<b>968,510</b>	<b>907,132</b>
<b>Current liabilities</b>			
Trade payables	13	15,974	13,468
Other creditors, accruals and deposits received		63,084	56,923
Contract liabilities		4,899	6,020
Taxation payable		3,733	2,693
Borrowings	14	5,717	6,691
		<b>93,407</b>	<b>85,795</b>
<b>Net current assets</b>		<b>875,103</b>	<b>821,337</b>
<b>Total assets less current liabilities</b>		<b>1,803,690</b>	<b>1,896,544</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		54,995	71,023
<b>Net assets</b>		<b>1,748,695</b>	<b>1,825,521</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		1,413,964	1,413,964
Reserves		329,628	405,049
		<b>1,743,592</b>	<b>1,819,013</b>
<b>Non-controlling interests</b>		<b>5,103</b>	<b>6,508</b>
<b>Total equity</b>		<b>1,748,695</b>	<b>1,825,521</b>

# Consolidated Statement of Changes in Equity

## For the year ended 31 March 2020

	Equity attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Exchange reserve	Properties revaluation reserve	Retained profits	Total		
	HK\$'000	HK\$'000 (Note)	HK\$'000 (Note)	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000
At 1 April 2018 (restated)	1,413,964	23,786	9,700	1,020,328	2,467,778	7,306	2,475,084
2018 final dividend paid	-	-	-	(95,916)	(95,916)	-	(95,916)
2018 special interim dividend paid	-	-	-	(599,479)	(599,479)	-	(599,479)
2019 interim dividend paid	-	-	-	(23,980)	(23,980)	-	(23,980)
<b>Transactions with owners</b>	-	-	-	(719,375)	(719,375)	-	(719,375)
Profit / (loss) for the year	-	-	-	81,388	81,388	(283)	81,105
Other comprehensive expense							
-Exchange loss on translation of financial statements of foreign operations	-	(10,778)	-	-	(10,778)	(515)	(11,293)
<b>Total comprehensive (expense) / income for the year</b>	-	(10,778)	-	81,388	70,610	(798)	69,812
<b>At 31 March 2019 and 1 April 2019</b>	1,413,964	13,008	9,700	382,341	1,819,013	6,508	1,825,521
2019 final dividend paid	-	-	-	(47,958)	(47,958)	-	(47,958)
<b>Transactions with owners</b>	-	-	-	(47,958)	(47,958)	-	(47,958)
Loss for the year	-	-	-	(10,987)	(10,987)	(580)	(11,567)
Other comprehensive expense							
-Exchange loss on translation of financial statements of foreign operations	-	(16,476)	-	-	(16,476)	(825)	(17,301)
<b>Total comprehensive expense for the year</b>	-	(16,476)	-	(10,987)	(27,463)	(1,405)	(28,868)
<b>At 31 March 2020</b>	1,413,964	(3,468)	9,700	323,396	1,743,592	5,103	1,748,695

Notes: These reserve accounts comprise the consolidated reserves of HK\$329,628,000 (2019: HK\$405,049,000) in the consolidated statement of financial position of the Group.

**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**1. GENERAL INFORMATION AND BASIS OF PREPARATION**

The financial information relating to the years ended 31 March 2020 and 2019 included in this preliminary annual results announcement do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 March 2020 in due course.

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

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

**2. APPLICATION OF NEW OR AMENDED HKFRSs**

In the current year, the Group has adopted the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective for the Group's financial year beginning on 1 April 2019.

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

Except as described below, the application of the new and amendments to HKFRSs and HKASs and Interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2020 and have not been adopted in these consolidated financial statements, which are:

HKFRS 3 (Amendments)	Definition of a Business <sup>2</sup>
HKFRS 7, HKFRS 9 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform <sup>1</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and Associate or Joint Venture <sup>5</sup>
HKFRS 16 (Amendments)	Covid-19 Related Rent Concessions <sup>3</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
HKAS 1 and HKAS 8 (Amendments)	Definition of Material <sup>1</sup>
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting <sup>1</sup>

*Notes:*

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>2</sup> 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.

<sup>3</sup> Effective for annual periods beginning on or after 1 June 2020 with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>5</sup> Effective date to be determined.

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

## **2.1 HKFRS 16 Leases**

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 and are substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

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.

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 which are exempt.

For details of HKFRS 16 regarding its impact on the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (d) of this note.

(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.

The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements as at 1 April 2019 in this regard.

(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 from 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	<u>-</u>

### 3. REVENUE

Revenue recognised during the year is as follows:

	2020 HK\$'000	2019 HK\$'000
Revenue from contracts with customers recognised at a point of time:		
Publication of newspapers and advertising income	659,734	734,962
Internet advertising income	117,170	122,306
Income from restaurant operation	6,940	7,085
Revenue from contracts with customers recognised over time:		
Internet subscription	78	87
Revenue from other sources:		
Interest earned on loans receivables	15,458	12,587
License fee income from hotel property	10,138	10,501
Rental income from investment properties	13,496	14,187
	<b>823,014</b>	<b>901,715</b>

	2020 HK\$'000	2019 HK\$'000
Key items of other incomes are as follows:		
Other incomes from contracts with customers recognised at a point in time:		
Sales of scrap materials	1,984	2,980
Other service income	13,447	15,492
Other incomes from contracts with customers recognised over time:		
Other service income	13,867	14,322
Other incomes from other sources:		
Interest earned on bank balances and short-term deposits	9,059	6,782

### 4. SEGMENT INFORMATION

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

Reportable segment revenue represented turnover of the Group in the consolidated statement of profit or loss and other comprehensive income. Segment profit or loss represents the profit earned by or loss from each segment without allocation of directors' emoluments, net exchange gain or loss, bank interest income, sundry income and finance costs.



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

	Publication of newspapers		Money lending business		All other segments		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue from external customers	<b>776,982</b>	857,355	<b>15,458</b>	12,587	<b>30,574</b>	31,773	<b>823,014</b>	901,715
Reportable segment profit / (loss)	<b>75,517</b>	80,192	<b>13,956</b>	8,413	<b>(47,647)</b>	31,908	<b>41,826</b>	120,513
Unallocated corporate income							<b>14,730</b>	30,164
Unallocated corporate expenses							<b>(68,852)</b>	(55,979)
(Loss) / profit before tax							<b>(12,296)</b>	94,698
<b>Other information</b>								
Depreciation and amortisation	<b>(50,101)</b>	(49,432)	-	-	<b>(1,885)</b>	(982)	<b>(51,986)</b>	(50,414)
Fair value adjustments on investment properties	-	-	-	-	<b>(53,209)</b>	21,000	<b>(53,209)</b>	21,000
Transfer to property, plant and equipment	-	-	-	-	-	(109,000)	-	(109,000)
Transfer from investment properties	-	-	-	-	-	109,000	-	109,000
Additions to property, plant and equipment during the year	<b>7,345</b>	7,966	-	-	<b>730</b>	1,121	<b>8,075</b>	9,087

#### Reportable segment assets and liabilities

	Publication of newspapers		Money lending business		All other segments		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>								
Segment assets	<b>575,617</b>	632,514	<b>224,074</b>	211,717	<b>493,845</b>	602,915	<b>1,293,536</b>	1,447,146
Unallocated financial asset at fair value through profit or loss	-	-	-	-	-	-	<b>9,453</b>	11,154
Unallocated cash and cash equivalents	-	-	-	-	-	-	<b>594,108</b>	524,039
<b>Consolidated total assets</b>	<b>575,617</b>	632,514	<b>224,074</b>	211,717	<b>493,845</b>	602,915	<b>1,897,097</b>	1,982,339
<b>LIABILITIES</b>								
Segment liabilities	<b>123,482</b>	116,872	<b>48</b>	1,258	<b>24,872</b>	38,688	<b>148,402</b>	156,818

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

	<b>Revenue from external customers</b>		<b>Non-current assets</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>802,663</b>	881,843	<b>644,678</b>	709,815
Australia	<b>20,351</b>	19,872	<b>264,903</b>	344,695
	<b>823,014</b>	901,715	<b>909,581</b>	1,054,510

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

During the year, HK\$412,724,000 (2019: HK\$401,706,000) out of the Group's revenue of HK\$823,014,000 (2019: HK\$901,715,000) was contributed by two (2019: two) customers. No other single customer contributed 10% or more to the Group's revenue for both 2020 and 2019.

## 5. (LOSS) / PROFIT FROM OPERATIONS

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
(Loss) / profit from operations is arrived at after charging/(crediting):		
Auditor's remuneration	<b>1,230</b>	1,095
Cost of inventories recognised as expense	<b>125,063</b>	163,773
Loss allowance for expected credit loss ("ECL") / (Provision written-back) on trade receivables	<b>129</b>	(64)
Depreciation of property, plant and equipment	<b>51,198</b>	49,626
Amortisation of leasehold land	<b>788</b>	788
Net exchange loss	<b>30,111</b>	17,175
Net gain on disposal and write-off of property, plant and equipment	<b>(490)</b>	(1,283)
Operating lease charges in respect of office premises and printing equipment	-	2,420
Lease charges for short-term lease and lease of low-value assets	<b>2,686</b>	-
Rental income from investment properties (excluding hotel property)	<b>(13,496)</b>	(14,187)
Less: Direct operating expenses from investment properties that generated rental income	<b>944</b>	1,084
Direct operating expenses from investment properties that did not generate rental income	<b>345</b>	260
Rental income from investment properties (excluding hotel property) less direct operating expenses	<b>(12,207)</b>	(12,843)

**6. FINANCE COSTS**

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Interest charges on borrowings:		
Other loan	<b>255</b>	275

**7. INCOME TAX (CREDIT) / EXPENSE**

Hong Kong Profits Tax is calculated at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the year, 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 year ended 31 March 2020. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Company's subsidiaries operate.

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Current tax		
- Hong Kong Profits Tax	<b>12,455</b>	14,018
- Overseas Income Tax	<b>239</b>	243
	<b>12,694</b>	14,261
(Over) / under provision in prior year:		
- Hong Kong Profits Tax	<b>(39)</b>	315
Deferred taxation		
- Current year	<b>(13,384)</b>	(983)
	<b>(729)</b>	13,593

**8. DIVIDENDS****(a) Dividends attributable to the year**

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Interim dividend paid		
Nil (2019: HK1 cent per share)	-	23,980
Proposed final dividend		
Nil (2019: HK2 cents per share)	-	47,958
	-	71,938

The Directors have resolved not to pay final dividend for the year ended 31 March 2020 (2019: HK2 cents per share).

(b) Dividends recognised as distributions during the year

	2020 HK\$'000	2019 HK\$'000
2018 Final dividend	-	95,916
2018 Special interim dividend	-	599,479
2019 Interim dividend	-	23,980
2019 Final dividend	47,958	-
	<b>47,958</b>	<b>719,375</b>

**9. LOSS / EARNINGS PER SHARE**

The calculation of basic loss / earnings per share is based on the loss attributable to owners of the Company of HK\$10,987,000 (2019: profit of HK\$81,388,000) and on 2,397,917,898 (2019: 2,397,917,898) ordinary shares in issue during the year.

For the year ended 31 March 2020 and 2019, diluted loss / earnings per share was the same as the basic loss / earnings per share as there were no dilutive shares or new issue of additional shares of the Company during the year.

**10. INVENTORIES**

	2020 HK\$'000	2019 HK\$'000
At cost:		
Newsprint and printing materials	37,825	45,464
Spare parts and supplies	13,446	12,839
Others	1,362	1,140
	<b>52,633</b>	<b>59,443</b>

**11. TRADE RECEIVABLES**

	2020 HK\$'000	2019 HK\$'000
Trade receivables	77,632	102,818
Less: loss allowance for ECL	(3,700)	(3,957)
	<b>73,932</b>	<b>98,861</b>

The Group allows an average credit of 90 days to its trade customers and no interest is charged. All trade receivables are denominated in Hong Kong Dollars.

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

	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
0 – 60 days	<b>25,832</b>	41,803
61 – 90 days	<b>13,515</b>	18,939
Over 90 days	<b>34,585</b>	38,119
	<b>73,932</b>	98,861

## **12. LOANS AND INTEREST RECEIVABLES**

The Group seeks to maintain strict control over its outstanding loans 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. Loans receivables bear interest at rates ranging from 1.6% per annum to 9.84% per annum (2019: 1.6% per annum to 24% per annum), mutually agreed between the contracting parties.

At 31 March 2020, all loans receivables were secured by properties in Hong Kong.

As at 31 March 2020, included in the interests receivables are balances of HK\$87,000 which had been past due but not impaired. A writ of summons was filed for the repayment of the overdue amounts after reporting periods. Details refer to Note 15. Taking into account the collateral value, the Directors considered that no allowance for ECL was necessary as at 31 March 2020.

The remaining balance of the loans and interest receivables as at the end of the reporting period were neither past due nor impaired. There is no loss allowance for ECL on loans and interest receivables as at 31 March 2020.

## **13. TRADE PAYABLES**

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

	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
0 – 60 days	<b>13,662</b>	11,811
61 – 90 days	<b>611</b>	284
Over 90 days	<b>1,701</b>	1,373
	<b>15,974</b>	13,468

#### 14. BORROWINGS

	2020 HK\$'000	2019 HK\$'000
Other loan due within one year included under current liabilities	<u>5,717</u>	<u>6,691</u>

At 31 March 2020 and 2019, the other loan is denominated in Australian Dollars, made by a non-controlling shareholder of a subsidiary of the Company, unsecured, and bears interest at 4% per annum and repayable on demand.

#### 15. EVENT AFTER REPORTING PERIOD

From the end of the year ended 31 March 2020 up to the date of this Announcement, Oriental FA Limited, a subsidiary of the Company, has filed a writ of summons against a client for the repayment of a loan principal, amounted to HK\$11,500,000, and its corresponding overdue interest.

## RESULTS

For the year ended 31 March 2020 (the “Reporting Year”), the audited consolidated loss for the year of Oriental Press Group Limited (the “Company”) and its subsidiaries (collectively, “the Group”) amounted to HK\$11,567,000. As compared to the same period last year, the profit decreased HK\$92,672,000 representing a decline of 114%, which was mainly due to the decline in the revenue from printed media, the decrease in the fair value of investment properties in Hong Kong and Australia, as well as the exchange loss on the Australian Dollar. If excluding the impact of changes in the fair value of the investment properties and exchange loss on Australian Dollars, the Group’s profit for the year from principal operations would be HK\$71,753,000.

## DIVIDENDS

The directors of the Company (the “Director(s)”) do not recommend the payment of a final dividend for the Reporting Year (2019: final dividend of HK2 cents per share) and no interim dividend was paid (2019: interim dividend of HK1 cent per share).

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 6 August 2020 to 12 August 2020 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending the annual general meeting of the Company (“AGM”) to be held on 12 August 2020 and voting in the meeting, all transfers accompanied with the relevant Share certificates must be deposited with the Company’s Share registrar, Tricor Friendly Limited, whose address is at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on 5 August 2020.

## COMMENTARY

“**Oriental Daily News**” continues to be the best-selling and most widely read newspaper in Hong Kong, and has so remained the last 44 years. Hong Kong experienced a disturbing year in 2019. Even in chaotic time, “Oriental Daily News” adheres to its beliefs, stays true to the facts and rebuts falsehood. As the city is plagued by COVID-19, “Oriental Daily News” shows solidarity with members of the community and safeguards the interests of the general public, winning applauses for speaking boldly in defence of justice.

“**on.cc**” is the most powerful website of news, entertainment and leisure in Hong Kong. Dedicated to providing the latest and fastest information, it has always been popular with readers. During the Reporting Year, the monthly total page views of our website and mobile platform together exceeded 830 million, with users all over the world, making it a leading news media platform. Our “See the world via on.cc” website attaches great importance to user experience, optimising the production process with big data to improve its news quality. It also integrates and categorises different columns, with a clear and user-friendly interface. During the Reporting Year, the electronic version of “Oriental Daily News” was integrated into our on.cc App. The most powerful information from on.cc is now just a tap away. Attracting new readers is a long-term goal of “on.cc”. The much popular “Reward Viewing” (賞您睇) returned with new features to continue the craze of “Reading News for Rewards”. “on.cc” opens up new markets by developing mobile game applications. “Racecourse Boss” (馬場Boss) has become one of the most popular horse-racing Apps in Hong Kong. With “Hall of Sic Bo” (骰寶坊) and “SLOTONIAN” as fresh blood, the Group’s digital media business has become more diversified.

“**onCH**” is the enhanced version of “ontv”, the first online television station in Hong Kong, providing video clips around the clock on current affairs, entertainment, finance, sports, lifestyle and horse racing. During the Reporting Year, we focused on the development of news video clips and introduced advanced equipment to improve the video quality. As a result, the number of new users increased significantly. “onCH” also strives to strengthen live broadcasts and diversified programmes, so that global subscribers can stay abreast of developments in the world. That, coupled with live online broadcast of sports events, makes “onCH” a bellwether of news video platforms in Hong Kong.

**“Money18”** is the financial information website with the highest page views in Hong Kong as well as a free real-time quote website designated by HKEX. Its mobile app and social media page are also widely popular, with an increasing number of subscribers. “Money18” has become one of the most popular and influential platforms of financial information in Hong Kong. During the Reporting Period, “Money18” introduced new features and innovated its interface and functions. Apart from providing rich contents and practical information, it has also strengthened live broadcast and diversified programmes, thus becoming one of the most influential financial information brands in the territory.

Dampened by social unrest and the COVID-19 outbreak during the Reporting Year, the consumer market in Hong Kong suffered a severe setback. A round of business closures and layoffs were witnessed in the retail, catering and tourism industries. The unemployment rate hit a new high in nearly 15 years, and the year on year GDP of the first quarter dropped significantly by 8.9%. The advertising and distribution incomes of “Oriental Daily News”, the Group’s main source of earnings, had also been dragged down. During the Reporting Year, the revenue from publications of newspaper and advertising was HK\$659,734,000, declined by HK\$75,228,000 or 10.2% compared with the same period of last year. The Group’s digital media business was unsatisfactory, with decline recorded in all revenue segments including news content licensing, live broadcast of sports events, mobile applications and advertising. Among others, the advertising income was HK\$117,248,000, representing a decline of HK\$5,145,000 or 4.2% year on year. In response to the sharp decline in revenue, the Group has adopted a series of short-term contingency plans, including downsizing, control of procurement costs, and postponement of the investment project in digital media development, with significant results. However, to acknowledge frontline journalists’ hard work in covering the protests, the Group paid special bonus in a total amount of approximately HK\$5,600,000 to relevant and deserving employees.

During the Reporting Year, the rental income from the Group’s rental properties in Hong Kong Island was HK\$3,283,000, while the rental income from commercial buildings and license fee income from hotel properties in Australia were HK\$20,351,000. The total revenue decreased by HK\$1,054,000 or 4% as compared with the same period last year. The decrease in fair value recognised on these investment properties was HK\$53,209,000 whereas there was an increase in fair value in the prior year. And the weakening Australian Dollar during the Reporting Year resulted in an exchange loss of HK\$30,111,000. The two aforementioned factors were the main reasons for the annual profit decline of the Group.

The Group’s money lending business achieved fast growth, mainly targeting customers of large-amount mortgage loans, which successfully contributed to the Group’s profitability. During the Reporting Year, the total loan amount stood at HK\$223,922,000. Due to the increase in lending principal, the total loan interest income amounted to HK\$15,458,000, with a year-on-year increase of HK\$2,871,000 or 23%.

## **BUSINESS OUTLOOK**

With the COVID-19 outbreak across the world, the global economy has fallen into recession. Even though the Hong Kong government has introduced a number of measures to stimulate consumption, the effects are doubtful until external negative factors disappear. It is believed that the road of economic recovery will be rugged and long. The Board understands and it is factual that the share of printed media in the advertising market and its distribution is declining year by year. To address this issue, the Group’s operating strategy must be more flexible. Among others, newspaper contents and advertising rates must be competitive, so as to provide customers with a more flexible promotional portfolio and opportunities of cooperation with new products. On the other hand, we must prepare for the rapid recovery of the consumer market and regain growth in the Group’s revenue as soon as possible. The price of newsprint had remained stable, which was favourable to the Group’s control over the costs of newspaper printing, so that the overall profit of printed media was maintained.

With the continuous development of new technologies and new platforms and business models, the market presence of digital media cannot be ignored. In the coming year, “on.cc” will focus on the development of paid contents to increase revenue. Among others, we can take advantage of the cross-media platform to develop more marketing models and to produce more high-revenue projects. We will strive to use highly-profile marketing means such as social media platforms and videos, so as to



increase the profit and revenue of the Group's digital media business. "On.cc" launched the new platform of "Fun&Star" (繽 FUN 星網) in May 2020 to strengthen entertainment and lifestyle contents. The platform will be developed with focus on both information and functions, so as to consolidate the existing readership and to attract new subscribers.

As for the money lending business, it is estimated that funding requirements will greatly increase during the economic downturn. Oriental FA will continue to target high-quality customers who require larger size loans, expanding its clientele by working with reputable intermediary companies. The Board is optimistic about the development of the money lending business.

With regard to the property investment business, the Hong Kong's economy has not yet stabilised, and rental income is hardly stable. It is expected that the rentals of commercial buildings in Hong Kong will continue to be under pressure in the coming year. Investment properties in Australia are also showing signs of downward adjustment due to the pessimistic economic outlook. In March this year, the Australian government announced a number of anti-epidemic measures to protect retail tenants, which more or less affected the Group's rental income. The Board keeps exploring other options of property investment, so as to make better profits for shareholders.

## **SIGNIFICANT MATTERS AFTER THE END OF THE REPORTING PERIOD**

From the end of the year ended 31 March 2020 up to the date of this Announcement, Oriental FA Limited, a subsidiary of the Company, has filed a writ of summons against a client for the repayment of a loan principal, amounted to HK\$11,500,000, and its corresponding overdue interest.

## **FINANCIAL RESOURCES AND LIQUIDITY**

The Group always maintains a strong liquidity. The net current assets as at 31 March 2020 amounted to approximately HK\$875,103,000 (2019: HK\$821,337,000), which includes time deposits, bank balances and cash amounting to approximately HK\$594,108,000 (2019: HK\$524,039,000). As at 31 March 2020, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.3% (2019: 0.4%).

During the Reporting Year, the Group's capital expenditure was approximately HK\$8,075,000 (2019: HK\$9,087,000).

## **CONTINGENT LIABILITY**

As at 31 March 2020, the Group had no material contingent liability.

## **EXPOSURE TO FOREIGN EXCHANGE**

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

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2020, the Group employed 1,197 employees (2019: 1,375). Remuneration for employees including medical benefits is determined based on industry practice, the performance and working experience of the employees, and the prevailing market conditions. The Group has implemented a training scheme to groom a new generation of journalists.

## **CORPORATE GOVERNANCE**

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

## **AUDIT COMMITTEE**

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

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

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

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

## **PUBLICATION OF ANNUAL REPORT**

The 2020 annual report of the Company will be dispatched to the Shareholders and published on the websites of the Company and the Stock Exchange in due course.

## **ANNUAL GENERAL MEETING**

The 2020 AGM will be held on Wednesday, 12 August 2020 and the Notice of AGM will be published and dispatched in the manner as required by the Listing Rules in due course.

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

Hong Kong, 19 June 2020

*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.*