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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 2020

The board of directors (the “Board”) of Oriental Press Group Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2020, 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 2020

		Six months ended	
		30.9.2020	30.9.2019
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	336,741	436,181
Other income	4	46,037	24,124
Raw materials and consumables used		(32,962)	(71,032)
Staff costs including directors' emoluments		(227,264)	(258,629)
Depreciation of property, plant and equipment		(16,840)	(24,908)
Other operating expenses		(45,082)	(50,422)
Net exchange gain/(loss)		28,262	(11,276)
Net gain on disposal and write-off of property, plant and equipment		97	317
Profit from operations	6	88,989	44,355
Finance costs		(128)	(130)
Profit before tax		88,861	44,225
Income tax expense	7	(1,510)	(7,611)
Profit for the period		87,351	36,614
Other comprehensive income/(expense):			
Item that may be reclassified subsequently to profit or loss:			
- Exchange gain/(loss) on translation of financial statements of foreign operations		15,800	(6,709)
Other comprehensive income/(expense) for the period, net of tax		15,800	(6,709)
Total comprehensive income for the period		103,151	29,905

		Six months ended	
		30.9.2020	30.9.2019
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	<i>Note</i>		
Profit for the period attributable to:			
Owners of the Company		87,323	36,512
Non-controlling interests		28	102
		87,351	36,614
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		102,345	30,111
Non-controlling interests		806	(206)
		103,151	29,905
Earnings per share	9		
- Basic		HK3.64 cents	HK1.52 cents
- Diluted		HK3.64 cents	HK1.52 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2020

		30.9.2020	31.3.2020
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	479,583	494,495
Investment properties	11	427,409	383,843
Leasehold land		20,874	21,268
Financial asset at fair value through profit or loss		9,453	9,453
Loans and interest receivables	12	5,232	9,975
Deferred tax assets		10,467	9,553
		953,018	928,587
Current assets			
Inventories		53,939	52,633
Trade receivables	13	64,386	73,932
Loans and interest receivables	12	284,775	213,947
Other debtors, deposits and prepayments		13,034	23,134
Taxation recoverable		10,127	10,756
Cash and cash equivalents		645,052	594,108
		1,071,313	968,510
Current liabilities			
Trade payables	14	10,673	15,974
Other creditors, accruals and deposits received		84,760	63,084
Contract liabilities		7,370	4,899
Taxation payable		9,116	3,733
Borrowings		6,666	5,717
		118,585	93,407
Net current assets		952,728	875,103
Total assets less current liabilities		1,905,746	1,803,690
Non-current liabilities			
Deferred tax liabilities		53,900	54,995
Net assets		1,851,846	1,748,695
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	1,413,964	1,413,964
Reserves		431,973	329,628
		1,845,937	1,743,592
Non-controlling interests		5,909	5,103
Total equity		1,851,846	1,748,695

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

	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 2019 (audited)	1,413,964	13,008	9,700	382,341	1,819,013	6,508	1,825,521
Dividends paid (Note 8)	-	-	-	(47,958)	(47,958)	-	(47,958)
Transaction 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
At 1 April 2020 (audited)	1,413,964	(3,468)	9,700	323,396	1,743,592	5,103	1,748,695
Profit for the period	-	-	-	87,323	87,323	28	87,351
Other comprehensive income for the period							
- Exchange gain on translation of financial statements of foreign operations	-	15,022	-	-	15,022	778	15,800
Total comprehensive income for the period	-	15,022	-	87,323	102,345	806	103,151
At 30 September 2020 (unaudited)	1,413,964	11,554	9,700	410,719	1,845,937	5,909	1,851,846

Note: These reserve accounts comprise of the consolidated reserves of HK\$431,973,000 (six months ended 30 September 2019: HK\$387,202,000) 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 2020**

1. BASIS OF PREPARATION

The financial information relating to the year ended 31 March 2020 that is included in the interim condensed consolidated financial statements for the six months ended 30 September 2020 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 the 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 2020 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).

These 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 2020.

These 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.

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:

HKAS 1 and HKAS 8 (Amendments)	Definition of material
HKFRS 3 (Amendments)	Definition of a business
HKFRS 7, HKFRS 9 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

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.

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current ³
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow – Scope Amendments ³
HKFRS 4, HKFRS 7, HKFRS 9, HKFRS 16 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform – Phase 2 ²
HKFRS 10 (Amendments) and HKAS 28	Sale or Contribution of Assets between an Investor and Associate or Joint Venture ⁵
HKFRS 16 (Amendments)	COVID-19 related rent concessions ¹
HKFRS 17 (Amendments)	Insurance contracts ⁴
Annual Improvements 2018-2020 Cycle ³	

Notes:

¹ Effective for annual periods beginning on or after 1 June 2020. Earlier application is permitted.

² Effective for annual periods beginning on or after 1 January 2021. Earlier application is permitted.

³ Effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted.

⁴ Effective for annual periods beginning on or after 1 January 2023. Early application is permitted for entities that apply HKFRS 9 Financial Instruments on or before the date of initial application of HKFRS 17.

⁵ Effective date to be determined.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group's financial statements for the year ended 31 March 2020, except as below listed:

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

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 2020.

Only club membership and investment properties carried at fair value were categorised as level 2 and level 3 of the fair value of hierarchy respectively. There were no addition or disposal of these assets during the period. There were also no changes in the valuation techniques applied as of 31 March 2020.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur. During the six months ended 30 September 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

For the six months ended 30 September 2020, there were no changes in the fair value of the Group's financial asset.

4. REVENUE

Revenue recognised during the period are as follows:

	Six months ended	
	30.9.2020	30.9.2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers recognised at a point in time:		
Publication of newspaper and advertising income	259,474	356,200
Internet subscription and advertising income	58,334	58,101
Income from restaurant operation	3,235	3,541
Revenue from other sources:		
Interest earned on loan receivables	9,082	6,903
License fee income from hotel property held as investment properties	697	5,164
Rental income from investment properties	5,919	6,272
	336,741	436,181
Key other income are as follows:		
Other income from contracts with customers recognised at a point in time:		
Sale of scrap materials	660	1,126
Other service income	3,018	9,281
Other income from contracts with customers recognised over time:		
Other service income	5,963	6,980
Other income from other sources:		
Interest earned on bank balance and short-term deposits	3,641	4,333
Government grants (Note)	31,713	-

4. REVENUE (Continued)

Note: HK\$30,688,000 of the government grant is the funding support from the Employment Support Scheme (“ESS”) under the Anti-epidemic Fund, set up by the Hong Kong Special Administrative Region Government. The purpose of the ESS is to provide financial support to employers to retain employees who may otherwise be made redundant. Under the terms of the grant, the Group is required not to implement redundancies during the subsidy period and to spend all the funding on payment of wages to its employees.

HK\$1,025,000 of the government grant is the funding support from Job Keeper Payment (“JKP”) scheme and Temporary Cashflow Boost (“TCB”) administered by the Australian Taxation Office (“ATO”). The purpose of the JKP and TCB are to support businesses affected by COVID-19 and to help keep more Australians in jobs.

5. 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 decisions 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 newspaper, money lending business and other operating segments. The publication of newspaper segment includes publication of newspapers and advertising income, and internet subscription and advertising income. The money lending business comprises of interest income earned in the provision of loan financing. The revenue of other operating segments includes 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 or loss represents the profit or loss from each segment without allocation of directors’ emoluments, government grants, 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 newspaper		Money lending business		All other segments		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue from external customers	317,808	414,301	9,082	6,903	9,851	14,977	336,741	436,181
Reportable segment profit/(loss)	34,648	49,153	6,549	6,483	(2,725)	2,564	38,472	58,200
Government grants	30,116	-	-	-	1,597	-	31,713	-
Unallocated corporate income							11,051	17,975
Unallocated net exchange gain/(loss)							28,262	(11,276)
Unallocated corporate expenses							(20,637)	(20,674)
Profit before tax							88,861	44,225
Other information								
Depreciation and amortisation	(16,515)	(24,876)	-	-	(719)	(426)	(17,234)	(25,302)
Additions to property, plant and equipment during the period	1,233	5,229	-	-	279	245	1,512	5,474

5. 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 newspaper		Money lending business		All other segments		Total	
	30.9.2020	31.3.2020	30.9.2020	31.3.2020	30.9.2020	31.3.2020	30.9.2020	31.3.2020
	(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	543,300	575,617	290,039	224,074	536,487	493,845	1,369,826	1,293,536
Unallocated financial asset at fair value through profit or loss							9,453	9,453
Cash and cash equivalents							645,052	594,108
Consolidated total assets							2,024,331	1,897,097
LIABILITIES								
Segment liabilities	145,444	123,482	1,013	48	26,028	24,872	172,485	148,402

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

	Revenue from external customers		Non-current assets	
	Six months ended			
	30.9.2020	30.9.2019	30.9.2020	31.3.2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	331,961	426,191	624,651	644,678
Australia	4,780	9,990	308,447	264,903
	336,741	436,181	933,098	909,581

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 the 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 current interim period, HK\$181,258,000 (six months ended 30 September 2019: HK\$207,573,000) out of the Group's revenue of HK\$336,741,000 (six months ended 30 September 2019: HK\$436,181,000) was contributed by two (six months ended 30 September 2019: two) customers. No other single customer contributed 10% or more to the Group's revenue for both periods in 2020 and 2019.

6. PROFIT FROM OPERATIONS

	Six months ended	
	30.9.2020	30.9.2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit from operations is arrived at after charging/(crediting):		
Amortisation of leasehold land*	394	394
Government rent and rates*	2,061	2,180
Land tax expenses*	2,024	1,463
Lease charges for short-term lease and lease of low-value assets*	1,251	1,389
Loss allowance for expected credit loss/(provision written-back) on trade receivables*	1,021	(228)
Repair and maintenance*	5,151	5,521
Water and electricity*	8,344	9,270
Rental income from investment properties (excluding hotel property) [#]	(5,919)	(6,272)
Less: Direct operating expenses from investment properties that generated rental income during the period*	460	529
Direct operating expenses from investment properties that did not generate rental income during the period*	280	195
Rental income from investment properties (excluding hotel property) less direct operating expenses	(5,179)	(5,548)

* recorded as other operating expenses

[#] recorded as revenue

7. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (six months ended 30 September 2019: 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 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 six months ended 30 September 2020 and 2019.

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	
	30.9.2020	30.9.2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
- Hong Kong Profits Tax	5,570	9,474
- Overseas Income Tax	-	92
	5,570	9,566
Under provision in prior period:		
- Overseas Income Tax	19	-
Deferred tax:		
- Current period	(4,079)	(1,955)
Income tax expense	1,510	7,611

8. DIVIDENDS

During the current interim period, no final dividend was declared in respect of the year ended 31 March 2020 (2019: HK2 cents per share) and paid to the shareholders of the Company (2019: HK\$47,958,000).

Subsequent to the end of the current interim period, the Directors have declared that an interim dividend of HK2 cents (six months ended 30 September 2019: Nil) per share will be paid to the shareholders of the Company whose names appear on the register of members of the Company on 11 December 2020.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK\$87,323,000 (six months ended 30 September 2019: HK\$36,512,000) and on 2,397,917,898 (six months ended 30 September 2019: 2,397,917,898) ordinary shares during the period.

For the six months ended 30 September 2020 and 2019, diluted earnings per share was the same as the basic earnings per share as there was no dilutive shares 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\$5,000 (six months ended 30 September 2019: HK\$8,000) for sale proceeds of HK\$102,000 (six months ended 30 September 2019: HK\$325,000), resulting in a gain on disposal of HK\$97,000 (six months ended 30 September 2019: HK\$317,000).

In addition, during the current interim period, the Group acquired property, plant and equipment of HK\$1,512,000 (six months ended 30 September 2019: HK\$5,474,000).

11. MOVEMENTS IN INVESTMENT PROPERTIES

No addition (six months ended 30 September 2019: 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 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 2020 (six months ended 30 September 2019: Nil). An exchange gain of HK\$43,566,000 (31 March 2020: exchange loss of HK\$46,293,000) arose by properties and hotel property in Australia.

12. LOANS AND INTEREST RECEIVABLES

	30.9.2020 (Unaudited) HK\$'000	31.3.2020 (Audited) HK\$'000
Analysed as:		
Current	284,775	213,947
Non-current	5,232	9,975
	<hr/>	<hr/>
	290,007	223,922
	<hr/>	<hr/>

The Group maintains strict control over its loans granting and outstanding loan receivables to minimise credit risk. These loans (including staff property mortgage loans) are 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% per annum (31 March 2020: 1.6% per annum to 9.84% per annum), as mutually agreed between the contracting parties.

12. LOANS AND INTEREST RECEIVABLES (Continued)

As at 30 September 2020, all loan receivables were secured by real estate properties in Hong Kong. Secured loans receivables have maturity date ranging from 1 year to 17 years (31 March 2020: 1 year to 18 years). The amounts of principal will be receivable either on respective maturity dates or by monthly instalments.

As at 30 September 2020, included in the loan and interests receivables are balances of HK\$12,047,000 which has been past due by over seven months but not impaired. A writ of summons has been filed for the repayment of HK\$12,047,000 on 29 May 2020 and the date of the hearing is scheduled on 22 January 2021 in Hong Kong High Court.

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, 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 the loan and interest receivables balances as there has not been a significant change in credit risk and the fair value of the collaterals is higher than the carrying amount of these receivables at the end of the reporting period. The loan that is overdue is also fully secured by collaterals. Accordingly, taking into account fair value of the collaterals, the Directors considered that no allowance for ECL was necessary as at 30 September 2020 (31 March 2020: Nil).

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 and Australian Dollars which are the functional currencies of the group entities to which these balances relate.

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

	30.9.2020 (Unaudited) HK\$'000	31.3.2020 (Audited) HK\$'000
0 – 60 days	30,743	25,832
61 – 90 days	13,287	13,515
Over 90 days	20,356	34,585
	64,386	73,932

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:

	30.9.2020 (Unaudited) HK\$'000	31.3.2020 (Audited) HK\$'000
0 – 60 days	9,001	13,662
61 – 90 days	128	611
Over 90 days	1,544	1,701
	10,673	15,974

15. SHARE CAPITAL

	Number of shares	HK\$'000
Issued and fully paid:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020, ordinary shares with no par value	2,397,917,898	1,413,964

16. 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:

	30.9.2020 (Unaudited) HK\$'000	31.3.2020 (Audited) HK\$'000
Within 1 year	23,383	19,277
Between 1 and 2 years	20,552	15,731
Between 2 and 3 years	13,409	13,974
Between 3 and 4 years	6,349	3,313
Between 4 and 5 years	3,657	489
Later than 5 year	-	-
	67,350	52,784

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 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

In addition to the transactions and balances disclosed elsewhere in these condensed consolidated financial statements, during the period, the Group paid legal fees amounting to HK\$449,000 (six months ended 30 September 2019: HK\$374,000) to Messrs. Iu, Lai & Li. Mr. Dominic LAI, a non-executive Director, is a senior partner of Messrs. Iu, Lai & Li. The transaction prices were considered by the Directors to be at estimated market price.

No consultancy service fee was received from AMA Holdings Pty Ltd ("AMA") during the current period (six months ended 30 September 2019: HK\$540,000). Mr. Alexander MA is a director of both AMA and a Company's subsidiary. The transaction price of consultancy service for the six months ended 30 September 2019 was considered by the Directors to be at estimated market price.

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

	30.9.2020 (Unaudited) HK\$'000	30.9.2019 (Unaudited) HK\$'000
Salary and short-time benefit	17,463	17,463
Post-employment benefit	18	18

18. 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 obtained, 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 these litigations.

19. EVENT AFTER REPORTING PERIOD

The COVID-19 outbreak and the recent Australian Government anti-pandemic measures have brought about additional uncertainties in the Group's operating environment and have impacted the Group's operations and financial position. Since the development of the COVID-19 remains uncertain, it is not practicable to estimate the full financial effect that the pandemic may have had on the Group's operations.

20. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Board of Directors on 20 November 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 September 2020 (the “Reporting Period”), the revenue of the Group amounted to HK\$336,741,000, decreased by HK\$99,440,000 or 23% as compared to the same period last year. The unaudited consolidated profit attributable to owners of the Company amounted to HK\$87,323,000, increased by 139% as compared to the same period last year, which was mainly due to the effective implementation of various cost-saving measures and the exchange gain on Australian Dollar. If excluding the government support subsidies with a total amount of HK\$31,713,000 and the exchange gain of HK\$28,262,000, the Group’s profit for the period attributable to owners of the Company would be HK\$27,348,000.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The net current assets as at 30 September 2020 amounted to HK\$952,728,000 (31 March 2020: HK\$875,103,000), which includes time deposits, bank balances and cash amounting to HK\$645,052,000 (31 March 2020: HK\$594,108,000). As at 30 September 2020, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 0.4% (31 March 2020: 0.3%).

CAPITAL EXPENDITURE

During the Reporting Period, the Group’s capital expenditure was HK\$1,512,000 (31 March 2020: HK\$8,075,000).

CONTINGENT LIABILITY

As at 30 September 2020, the Group had no material contingent liability.

DIVIDENDS

The Directors recommend an interim dividend of HK2 cents per share (2019: 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 11 December 2020. The proposed interim dividend will be payable on or around 22 December 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 10 December 2020 to Friday, 11 December 2020 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers accompanied with the relevant Share certificates must be deposited with the Company’s Share Registrar, Tricor Friendly Limited, whose address is Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 9 December 2020.

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 44 consecutive years. It is truly “The Paper for Hong Kong”. During the Reporting Period, the widespread and capricious COVID-19 pandemic caused panic worldwide. “Oriental Daily News” kept close track of the development of the pandemic constantly and provided readers with up-to-date and detailed information. Continuing for nearly a year since its appearance, the COVID-19 pandemic has dealt a major blow to the retail industry, which in turn resulted in a significant negative impact on the advertising income of “Oriental Daily News”.

“on.cc” is a leading online news media platform in Hong Kong. Combining information and functionality, “on.cc” is well received by users. The monthly total page views of its website and mobile platform together reached a historic high of 870 million. The constant flow of exclusive news and information provided by “on.cc” is practically the fastest and most comprehensive in the industry. During the Reporting Period, “on.cc Superstar” and “on.cc Lifestyle” were integrated into “Fun&Star” (續 FUN 星網), combining entertainment with leisure, thereby meeting the needs of a large number of young readers. “on.cc” is also committed to technological research and development. Its mobile app supports the industry-leading “screen mirroring” technology, enabling users to browse the information of “on.cc” on a smart TV, which is an innovation in the media industry of Hong Kong.

“onCH” provides news videos of diversified contents including current affairs, entertainment, industry and economy, sports, lifestyle and horse racing on a 24-hour basis. It is a pioneer of news video platforms in Hong Kong. During the Reporting Period, “onCH” introduced a number of revamps. With more sophisticated functionality and technologies, fresh layout and up-to-date contents, “onCH” has seen significant improvement in terms of both quantity and quality. The global news commentary programme produced by the professional team has built up an excellent reputation. Other programmes that enjoy outstanding viewership include “FUN Studio” (續 FUN 主播室), which combines first-hand entertainment with lifestyle information, “NET Generation” (NET 世代), which is focused on the taste of young people, and “Medicine and Health” (醫健), which provides health knowledge. Even during the pandemic, “onCH” still maintained its live sports programmes to cater for the need of sports fans.

“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 Hong Kong Exchanges and Clearing Limited. During the Reporting Period, “Money18” launched its new website and mobile app, featuring revamped layout, rich contents and practical functions. Its mobile app and social media platform saw a surge of users. The number of downloads of its mobile app exceeded 2.25 million, while the number of followers on Facebook exceeded 129,000, making “Money18” one of the most popular industrial and economic information platforms in Hong Kong.

During the Reporting Period, Hong Kong’s economy plunged into a deep recession as a result of COVID-19 and the deterioration of Sino-U.S. relations. Due to the Prohibition on Group Gathering and border closure which have continued for nearly a year, the value of total retail sales in Hong Kong dropped 13.1% in August compared with the same period last year. The close-to-frozen consumption market caused an immediate impact on the income of the Group’s media business. During the Reporting Period, advertising and distribution income of “Oriental Daily News” was HK\$259,474,000, representing a decrease of 27% compared with the same period last year. The advertising income of the digital media business was HK\$58,316,000, similar to that of the same period last year. In the face of harsh business environment, the Group took stringent cost control; the raw materials and consumables used decreased by HK\$38,070,000 or more than 50% compared with the same period last year, and staff costs were also reduced by HK\$31,365,000 or 12% compared with the same period last year. In contrast, the exchange gain arising from the appreciation of Australian Dollar during the Reporting Period amounted to HK\$28,262,000, which, together with the government support subsidies of HK\$31,713,000 received from the Hong Kong Government and Australian Government, increased the Group’s overall profit attributable to owners of the Company to HK\$87,323,000.

The money lending business posted satisfactory performance. During the Reporting Period, the sharp economic downturn gave rise to strong financing needs, driving the total loans and interest receivables amount to HK\$290,007,000, representing an increase of HK\$66,085,000 or 30% compared with last year. The lending interest rate ranged between 1.6% and 9%. Oriental FA Limited (“Oriental FA”) has instituted proceedings in court against a customer to recover an overdue amount of HK\$12,047,000. As the ratio of loan to property valuation of this loan has been maintained at a level of 60% at all times, the Board believes that Oriental FA has proper risk management in place to safeguard the interests of the Group.

With regard to the property investment, the performance and return were impacted by the pandemic. During the Reporting Period, the rental income from the investment properties in Hong Kong amounted to HK\$1,837,000, representing an increase of HK\$390,000 or 27% compared with the same period last year. Nevertheless, under the regulation enacted by Australian Government, some tenants and hotel operators requested rent relief or deferred rental payment, the rental income from the investment properties in

Australia during the Reporting Period decreased to HK\$4,780,000, representing a decline of HK\$5,210,000 or 52% compared with the same period last year. In respect of property valuation, it was believed that the valuation of investment property in Hong Kong slightly decreased. However, the commercial property in Australia market remained optimistic, and it was capable to offset the decline in the valuation of the hotel property. Accordingly, the Board considered that the property valuation, as a whole, was stable and that the effect of its fluctuation on the Group's interim results was insignificant.

BUSINESS OUTLOOK

People around the world are hoping the pandemic would come to an end as soon as possible. It is believed that the top priority of every country after the pandemic is to achieve economic recovery quickly, of which, the stimulation of spending is of utmost importance. Mainland China will take the lead in resuming economic growth. The prospective reopening of border between Mainland China and Hong Kong will be set to drive the recovery of the tourism industry and the retail industry while supporting a pick up in employment. A rebound in the consumption market will contribute to the advertising income of the Group's media business. The Group will continue to capitalise on the advantages brought by the combination of traditional newspaper and digital media, while enhancing strategies including social media marketing, programmatic marketing and video marketing. As soon as the consumption market recovers, the advertising income of the Group would likely to resume growth. The Group will address challenges with confidence and make efforts to maintain steady business growth.

The Board believes that the property market of Hong Kong will be at a trend of correction in the coming year, but residential properties and commercial buildings are relatively resilient. Therefore, we are confident that investment properties will continue to generate rental income for the Group. Oriental FA will follow its principles strictly, select quality customers carefully and increase the loan-to-value ratio based on the specific circumstance, with a view to mitigating the risk arising from the pressure on the property market.

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 2020, the Group employed 1,189 (31 March 2020: 1,197) 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 discussed with the management of the Group and reviewed the unaudited interim financial statements for the six months ended 30 September 2020 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 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 2020.

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

The COVID-19 outbreak and the recent Australian Government anti-pandemic measures has brought about additional uncertainties in the Group’s operating environment and has impacted the Group’s operations and financial position. Since the development of the COVID-19 remains uncertain, it is not practicable to estimate the full financial effect that the pandemic may have had on the Group’s operations.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Company at <https://opg.on.cc> and on the website of the Stock Exchange at www.hkexnews.hk. The interim report for the six months ended 30 September 2020 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and published on the aforesaid websites of the Company and the Stock Exchange in due course in accordance with the Listing Rules.

On behalf of the Board
Oriental Press Group Limited
Ching-fat MA
Chairman

Hong Kong, 20 November 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.