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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 annual results for the year ended 31 March 2021

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 2021 are as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	3	699,619	823,014
Other income	3	93,354	43,123
Raw materials and consumables used		(66,601)	(125,063)
Staff costs including directors' emoluments		(445,942)	(515,450)
Depreciation of property, plant and equipment		(34,054)	(51,198)
Other operating expenses		(91,585)	(101,936)
Fair value adjustment on investment properties		39,896	(53,209)
Fair value adjustment on financial asset at fair value through profit or loss		(636)	(1,701)
Net exchange gain / (loss)		41,634	(30,111)
Net gain on disposal of property, plant and equipment		532	490
Finance costs	6	(269)	(255)
Profit / (Loss) before tax	5	235,948	(12,296)
Income tax (expense) / credit	7	(23,117)	729
Profit / (Loss) for the year		212,831	(11,567)
Other comprehensive income / (loss)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Exchange gain / (loss) on translation of financial statements of foreign operations		24,887	(17,301)
Other comprehensive income / (loss) for the year, net of tax		24,887	(17,301)
Total comprehensive income / (loss) for the year		237,718	(28,868)

	Note	2021 HK\$'000	2020 HK\$'000
Profit / (Loss) for the year attributable to:			
Owners of the Company		211,238	(10,987)
Non-controlling interests		1,593	(580)
		212,831	(11,567)
Total comprehensive income / (loss) attributable to:			
Owners of the Company		234,888	(27,463)
Non-controlling interests		2,830	(1,405)
		237,718	(28,868)
Earnings / (Loss) per share			
- Basic	9	HK8.81 cents	(HK0.46 cent)
- Diluted		HK8.81 cents	(HK0.46 cent)

Consolidated Statement of Financial Position
As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		465,228	494,495
Leasehold land		20,480	21,268
Investment properties		489,998	383,843
Financial asset at fair value through profit or loss		8,817	9,453
Loans and interest receivables	12	5,021	9,975
Deferred tax assets		4,653	9,553
		994,197	928,587
Current assets			
Inventories	10	50,474	52,633
Trade receivables	11	70,447	73,932
Loans and interest receivables	12	287,217	213,947
Other debtors, deposits and prepayments		14,526	23,134
Taxation recoverable		11,285	10,756
Cash and cash equivalents		654,265	594,108
		1,088,214	968,510
Current liabilities			
Trade payables	13	13,052	15,974
Other creditors, accruals and deposits received		47,056	63,084
Contract liabilities		7,422	4,899
Taxation payable		406	3,733
Borrowings	14	7,110	5,717
		75,046	93,407
Net current assets		1,013,168	875,103
Total assets less current liabilities		2,007,365	1,803,690
Non-current liabilities			
Deferred tax liabilities		68,910	54,995
Net assets		1,938,455	1,748,695
EQUITY			
Equity attributable to owners of the Company			
Share capital		1,413,964	1,413,964
Reserves		516,558	329,628
		1,930,522	1,743,592
Non-controlling interests		7,933	5,103
Total equity		1,938,455	1,748,695

Notes to the Financial Statements
For the year ended 31 March 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The financial information relating to the years ended 31 March 2021 and 2020 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 2020 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 2021 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 HKICPA, which are or have become effective for the Group's financial year beginning on 1 April 2020.

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 amendments to HKFRSs and HKASs 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 2021 and have not been adopted in these consolidated financial statements, which are:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Related amendments to Hong Kong Interpretation 5 (2020) ⁵
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies ⁵
HKAS 8 (Amendments)	Definition of Accounting Estimates ⁵
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁵
HKAS 16 (Amendments)	Property, Plant and Equipment: Process before Intended Use ⁴
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract ⁴
HKFRS 3 (Amendments)	Reference to Conceptual Framework ⁴
HKFRS 4, HKFRS 7, HKFRS 9, HKFRS 16 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform – Phase 2 ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and Associate or Joint Venture ⁶
HKFRS 16 (Amendments)	COVID-19 related rent concessions (2020) ¹
HKFRS 16 (Amendments)	COVID-19 related rent concessions (2021) ³
HKFRS 17	Insurance Contracts and related Amendments ⁵
HKFRSs (Amendments)	Annual Improvements 2018-2020 Cycle ⁴
Account Guideline 5 (Revised)	Merger account for common control combination ⁷

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 April 2021. Earlier application is permitted, including in financial statements – interim or annual
- ⁴ Effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted.
- ⁵ Effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted.
- ⁶ Effective date to be determined.
- ⁷ Effective from common control combinations that occur on or after beginning of the first annual report period on or after 1 January 2022.

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 been concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

3. REVENUE

Revenue recognised during the year is as follows:

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers recognised at a point of time:		
Publication of newspapers and advertising income	524,647	659,734
Internet subscription and advertising income	127,519	117,170
Income from restaurant operation	6,394	6,940
Revenue from contracts with customers recognised over time:		
Internet subscription	-	78
Revenue from other sources:		
Interest earned on loans receivables	21,081	15,458
License fee income from hotel property	6,865	10,138
Rental income from investment properties	13,113	13,496
	699,619	823,014

	2021 HK\$'000	2020 HK\$'000
Key items of other income are as follows:		
Other income from contracts with customers recognised at a point in time:		
Sales of scrap materials	1,527	1,984
Other service income	8,377	13,447
Other income from contracts with customers recognised over time:		
Other service income	11,847	13,867
Other income from other sources:		
Interest earned on bank balances and short-term deposits	4,550	9,059
Government grants (Note)	61,289	-

Note:

HK\$59,768,000 of the government grants 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\$1,513,000 of the government grants 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 is to support businesses affected by COVID-19 and to help keep more Australians in jobs.

HK\$8,000 of the government grants is the funding support from the Enhanced Anti-epidemic Support Scheme for Property Management Sector (“Enhanced ASPM”) under the Anti-epidemic Fund, set up by the Hong Kong Special Administrative Region Government. The purpose of the Enhanced ASPM is to provide financial support to industrial and commercial building block to alleviate the costs arising from heightened cleansing efforts.

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 of newspaper and 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, 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 / (loss) before tax is presented below:

	Publication of newspapers		Money lending business		All other segments		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue from external customers	652,166	776,982	21,081	15,458	26,372	30,574	699,619	823,014
Reportable segment profit / (loss)	91,057	75,517	19,460	13,956	39,427	(47,647)	149,944	41,826
Government grants	58,634	-	-	-	2,655	-	61,289	-
Unallocated corporate income							21,833	14,730
Unallocated exchange gain / (loss)							41,634	(30,111)
Unallocated corporate expenses							(38,752)	(38,741)
Profit / (Loss) before tax							235,948	(12,296)
Other information								
Depreciation and amortisation	(33,589)	(50,101)	-	-	(1,253)	(1,885)	(34,842)	(51,986)
Fair value adjustments on investment properties	-	-	-	-	39,896	(53,209)	39,896	(53,209)
Additions to property, plant and equipment	3,644	7,345	-	-	568	730	4,212	8,075

Reportable segment assets and liabilities

	Publication of newspapers		Money lending business		All other segments		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS								
Segment assets	518,509	575,617	293,529	224,074	607,291	493,845	1,419,329	1,293,536
Unallocated assets								
Financial assets at fair value through profit or loss							8,817	9,453
Cash and cash equivalents							654,265	594,108
Consolidated total assets							2,082,411	1,897,097
LIABILITIES								
Segment liabilities	104,155	123,482	120	48	39,681	24,872	143,956	148,402

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:

	Revenue from external customers		Non-current assets	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	683,306	802,663	611,978	644,678
Australia	16,313	20,351	368,749	264,903
	699,619	823,014	980,727	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 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\$366,146,000 (2020: HK\$412,724,000) out of the Group's revenue of HK\$699,619,000 (2020: HK\$823,014,000) was contributed by two (2020: two) customers. No other single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

5. PROFIT/ (LOSS) BEFORE TAX

	2021 HK\$'000	2020 HK\$'000
Profit / (loss) from operations is arrived at after charging/(crediting):		
Auditor's remuneration*	1,251	1,230
Amortisation of leasehold land*	788	788
Cost of inventories recognised as expense	66,601	125,063
Land tax expenses*	3,459	2,864
Lease charges for lease of low-value assets*	2,244	2,686
(Over-provision) / Provision of long services payment	(3,442)	16,473
Loss allowance for expected credit loss on trade receivables*	2,331	129
Repair and maintenance*	15,982	15,055
Water and electricity*	14,888	17,225
Rental income from investment properties (excluding hotel property) [#]	(13,113)	(13,496)
Less: Direct operating expenses from investment properties that generated rental income*	1,360	944
Direct operating expenses from investment properties that did not generate rental income*	-	345
Rental income from investment properties (excluding hotel property) less direct operating expenses	(11,753)	(12,207)

* recorded as other operating expenses

[#] recorded as revenue

6. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest charges on borrowings:		
Other loan	269	255

7. INCOME TAX EXPENSE / (CREDIT)

Hong Kong Profits Tax is calculated at the rate of 16.5% (2020: 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%. The two-tiered profits tax rates regime is applicable to one entity within the Group for the year ended 31 March 2021. 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.

	2021 HK\$'000	2020 HK\$'000
Current tax		
- Hong Kong Profits Tax	8,852	12,455
- Overseas Income Tax	-	239
	8,852	12,694
Over provision in prior year:		
- Hong Kong Profits Tax	(559)	(39)
- Overseas Income Tax	(251)	-
	(810)	(39)
Deferred taxation		
- Current year	15,075	(13,384)
	23,117	(729)

8. DIVIDENDS

(a) Dividends attributable to the year

	2021 HK\$'000	2020 HK\$'000
Interim dividend paid		
HK2 cents per share (2020: Nil)	47,958	-
Proposed final dividend		
HK2 cents per share (2020: Nil)	47,958	-
Proposed special dividend		
HK5 cents per share (2020: Nil)	119,896	-
	215,812	-

A final dividend of HK2 cents per share (2020: Nil) and special dividend of HK5 cents per share (2020: Nil) have been proposed by the Board and are subject to the approval by the shareholders in the forthcoming annual general meeting.

(b) Dividends recognised as distributions during the year

	2021 HK\$'000	2020 HK\$'000
2019 Final dividend	-	47,958
2021 Interim dividend	47,958	-
	47,958	47,958

9. EARNINGS / (LOSS) PER SHARE

The calculation of basic earnings / (loss) per share is based on the profit attributable to owners of the Company of HK\$211,238,000 (2020: loss of HK\$10,987,000) and on 2,397,917,898 (2020: 2,397,917,898) ordinary shares in issue during the year.

For the year ended 31 March 2021 and 2020, diluted earnings / (loss) per share was the same as the basic earnings / (loss) per share as there were no dilutive shares in issue during the years.

10. INVENTORIES

	2021 HK\$'000	2020 HK\$'000
At cost:		
Newsprint and printing materials	35,476	37,825
Spare parts and supplies	13,107	13,446
Others	1,891	1,362
	50,474	52,633

11. TRADE RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	76,564	77,632
Less: loss allowance for expected credit loss ("ECL")	(6,117)	(3,700)
	70,447	73,932

The Group allows an average credit of 90 days to its trade customers and no interest is charged. For the individual customers that had a good track record, the Group allows a longer credit term for them. All trade receivables are denominated in Hong Kong Dollars and Australian 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:

	2021 HK\$'000	2020 HK\$'000
0 – 60 days	32,435	25,832
61 – 90 days	11,318	13,515
Over 90 days	26,694	34,585
	70,447	73,932

12. LOANS AND INTEREST RECEIVABLES

The Group seeks to maintain strict control over its loans granting and 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. Loans receivables bear interest at rates ranging from 1.6% per annum to 21.96% per annum (2020: 1.6% per annum to 9.84% per annum), mutually agreed between the contracting parties.

At 31 March 2021, all loans receivables were secured by real estate properties with a total fair value of HK\$464,800,000 (2020: HK\$376,550,000) in Hong Kong.

As at 31 March 2021, included in the loans and interests receivables are balances of HK\$12,512,000 which has been past due but not impaired. A writ of possession and fieri facias combined has been issued by Hong Kong High Court on 1 April 2021. Subsequent to the end of the reporting period, the application for the execution of the abovementioned writ of possession and fieri facias combined is in progress. Taking into account the collateral value and executable subsequent settlement arrangements, the Directors considered that no allowance for ECL was necessary as at 31 March 2021.

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 2021.

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:

	2021 HK\$'000	2020 HK\$'000
0 – 60 days	11,453	13,662
61 – 90 days	218	611
Over 90 days	1,381	1,701
	13,052	15,974

14. BORROWINGS

	2021 HK\$'000	2020 HK\$'000
Other loan due within one year included under current liabilities	7,110	5,717

At 31 March 2021 and 2020, the other loan is denominated in Australian Dollars and made by a non-controlling shareholder of a subsidiary of the Company, which is unsecured, bears interest at 4% per annum and repayable on demand.

RESULTS

For the year ended 31 March 2021 (the “Reporting Year”), the audited consolidated profit for the year of Oriental Press Group Limited (the “Company”) and its subsidiaries (collectively, “the Group”) amounted to HK\$212,831,000. Considering a loss of HK\$11,567,000 recorded for the same period last year, the profit growth was strong, mainly due to the decline in production costs and operating expenses. Besides, the profit was also contributed by exchange gain on the Australian dollar and the increased fair value of investment properties in Australia. In addition, the Group received support subsidies from the governments of Hong Kong and Australia during the Reporting Year, which resulted in an increase in its profit by HK\$61,289,000.

DIVIDENDS

The directors of the Company (the “Directors”) recommend a final dividend of HK2 cents per share of the Company (the “Share(s)”) (2020: Nil) and special dividend of HK5 cents per Share (2020: Nil) for the Reporting Year, payable to the shareholders of the Company (the “Shareholder(s)”) whose names appear on the Register of Members of the Company on 19 August 2021. Together with the paid interim dividend of HK2 cents per Share (2020: Nil), the dividends for the year amount to HK9 cents per Share (2020: Nil). The proposed final dividend and special dividend will be payable on or around 1 September 2021.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 5 August 2021 to 11 August 2021 (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 11 August 2021 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 4 August 2021.

Subject to Shareholders’ approval at the AGM, the proposed final dividend and special dividend will be distributed to the Shareholders whose names appear on the Register of Members of the Company on 19 August 2021. The Register of Members of the Company will be closed on 19 August 2021. In order to qualify for payment of the recommended final dividend and special dividend, all transfers accompanied with the relevant Share certificates must be deposited with the Company’s Share registrar, Tricor Friendly Limited, whose address is at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on 18 August 2021.

COMMENTARY

“**Oriental Daily News**” continues to be the best-selling and most widely read newspaper in Hong Kong, and has so remained in the last 45 years. Over the past year, Hong Kong was affected by the COVID-19 pandemic. When the community was filled with fear and anxiety, information relating to the pandemic became particularly important. The professional team of the “Oriental Daily News” duly performed its duties with uncompromising courage, providing detailed information and speaking up against injustice, and continuing to serve as the Fourth Estate with a monitoring role.

“**on.cc**” is a leading online news media platform in Hong Kong. It is dedicated to providing readers with the latest and fastest news and information with innovative perspectives from around the world. During the Reporting Year, the website and mobile platform recorded 830 million monthly page views, which proves its great popularity among readers. “on.cc” also attaches great importance to user experience, with a clear and user-friendly interface. The new “Fun&Star” (繽FUN星網) platform has been launched to strengthen entertainment and lifestyle contents. There is also the latest platform “Sport Live” (體波), which provides global sports news and takes the industry-leading live online broadcast of sports events to a higher level. Following the integration of the electronic version of “Oriental Daily News” into our on.cc App, the most powerful information from on.cc is now just one tap away. “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 been enhanced.

“onCH” starts from Hong Kong and embraces the world. It features news commentaries and analyses from multiple angles, allowing readers to keep abreast of global trends. Thanks to the professional production and popular anchors, 15 million cross-platform video views were recorded, which shows its reputation among readers. “onCH” also strives to strengthen live broadcasts and diversified programmes. During the COVID-19, the crew made HD live coverage from epidemic areas. The “Healthcare” (醫健) channel debunks common medical myths in a lively and interesting manner. Financial programmes such as “Stock Master Mind” (股壇 MM) and “Finance Popcorn Show” (中環剝花生) are widely popular among stock investors. There is also the exclusive live online broadcast of Mark Six and the trailblazing live broadcast of sports events. “onCH” is indeed a bellwether for news streaming and live broadcast platforms in Hong Kong.

“Money18” is the financial information website with amongst the highest page views in Hong Kong as well as a free real-time quote website designated by HKEX. The number of downloads of its mobile app exceeded 2.31 million, while the number of followers on Facebook exceeded 138,000, making it a popular and essential tool for stock investors. In addition to the free real-time stock quote function, the unique stock screening tool “Volume Radar” (異動雷達) even provides professional technical indicators, showing outperforming and underperforming momentum stocks at a glance. Besides, “Breaking News” (新聞總覽) provides the fastest and latest financial news, while “Market Tips” (貼市貼士) shares the stories and analysis of successful investors. There are also “Warrants Search” (輪證搜尋), “Top 20 Warrants” (窩輪 20 大), “Finance and Investment” (投資理財) and “Finance TV” (東網電視財經). “Money18” has become one of the most influential financial information brands in the territory.

In the past year, the COVID-19 pandemic plagued the world, and the economic performance was lacklustre. With the social distancing, dine-in service restrictions, bar suspension and other measures, the catering industry in Hong Kong was badly hit. The consumer market was sluggish and unemployment rate was high. Our clients reduced their expenditures or shelved their publicity plans, causing a sharp drop in the Group’s media business revenue. The rise of online shopping has also had a structural impact on the advertising revenue of “Oriental Daily News”, while the decline in distribution income also indicates that the room for survival of print newspapers has further narrowed. During the Reporting Year, the revenue from publication of newspaper and advertising was HK\$524,647,000, representing a decrease of HK\$135,087,000 or 20.5% year on year. With the positive impact of the stay-at-home economy during the epidemic, the Group recorded revenue of HK\$127,519,000 for its digital media business, up by 8.8% or HK\$10,349,000 year on year. The Group was able to deliver outstanding results during the Reporting Year, much owed to the stringent cost-saving policy, together with the important factor of declining production costs. When facing the challenge of the pandemic, the management and employees of the Group continued to work hard; they deserved additional encouragement and support which is reflected in the Group’s expenditure on special benefits during the Reporting Year amounted to HK\$5,200,000.

In the Reporting Year, the rental income from investment properties in Hong Kong stood at HK\$3,665,000, similar to that in the same period last year. The property valuation rose by HK\$2,200,000 or 2% year on year. Regarding investment properties in Australia, under the regulation enacted by Australian Government, some tenants and hotel operator requested rent relief or deferred rental payment, which caused the total revenue in Australian business dropped to HK\$16,313,000 in the Reporting Year, representing a decrease by HK\$4,038,000 or 19.8% year on year. Nevertheless, the rental demand for commercial and retail premises in Australia remained strong despite the pandemic, which led to a rebound in the valuation of commercial premises. In general, the fair value of investment properties increased during the year, and contributed to the profit of the Group by approximately HK\$39,896,000. The Australian dollar rose during the Reporting Year, resulting in an exchange gain of HK\$41,634,000.

The growth of the Group’s money lending business was better than expected. During the economic downturn, the demand for borrowing was particularly strong. Refinancing and mortgage to-up cases increased in the market. Oriental FA Limited (“Oriental FA”) seized the opportunity to attract high-quality clients and managed to promote the overall profit. At the end of the Reporting Year, the total outstanding loan amount stood at HK\$290,482,000, an increase of 30% year on year. The annual interest rate of clients’ loans receivable ranged from 6.96% to 21.96% and staff mortgage loans at 1.6%. The total loan interest income amounted to HK\$21,081,000, up by HK\$5,623,000 or 36% year

on year. It was the best-performing segment among the Group's businesses, illustrating the competitive advantage of the Group having diversified its business. Besides, in order to recover HK\$11,500,000 in arrears together with overdue interest from a loan client, Oriental FA has successfully obtained a writ of possession from the court and will arrange a property auction in accordance with legal procedures to recover the arrears.

BUSINESS OUTLOOK

As Hong Kong residents begin to get vaccinated against COVID-19 infection, the pandemic may become controllable. Besides, the Government plans to distribute electronic consumption vouchers, retail industry can expect a recovery. Once the market starts to recover, customers will certainly increase their advertising budgets, which will be beneficial to the growth of the Group's advertising revenue. A well-known IT marketing research company, Aristo Market Research & Consulting Company Limited, conducted a readership survey from 10 May to 26 May 2021, and found that the readership of "Oriental Daily News" reached 3,090,368, which is 1,613,715 or 109.3% higher than "Apple Daily". The Board believes that "Oriental Daily News" still has a competitive advantage in the paid newspaper market, and its advertising revenue is expected to rise steadily in the coming year. The Board also understands that the business of printed media is on the decline and online marketing is the dominant trend. We have been actively investing in resources for the development of digital media. "On.cc" will enrich its news and information content in the coming year. It is committed to developing new technologies and functions. Besides, it intends to launch information platforms mainly for young people and try providing high-quality multimedia content and functions in a paid form, so as to enhance user experience, expand the readership and increase page views. By leveraging on the advantages of the cross-media platform, we aim at increasing our market share as well as the profit and revenue of our digital media business.

Looking forward to the coming year, the Group's media business revenue will remain flat. The management will appropriately implement cost-saving measures and adjust their intensity as the case may be. However, due to the upward trend of production costs, it is hoped that costs can be stabilised.

The Board believes that there is still a lot of room for improvement in our money lending business; we plan to increase the proportion of our investment in this segment. We will continue to target high-quality and high-net-worth clients with large mortgage loans, seizing the golden opportunity. It is believed that the income of the money lending business will be a growing area of our business in the coming year. The Board notices that the prices of residential properties in Hong Kong remain high. Therefore, we will adopt a more cautious approach on credit approval, balancing risks by monitoring the loan-to-value ratio cap and adjusting interest rates. We will closely monitor repayments and the market value trends of mortgaged properties, so as to minimise the expected credit risks.

As for investment properties in Hong Kong, the rental income is expected to decrease slightly in the coming year, but its impact on the overall performance of the Group will be minimal. The investment properties in Australia are more subject to the anti-pandemic policies of the local government, so it may take a long time for the rental income to re-stabilise. As the Australian real estate market is booming, the Group may consider selling some of the investment properties with satisfactory returns to earn substantial profits for shareholders. The Board also believes that there is no risk of substantial depreciation of the Australian dollar during the upcoming year. Looking forward to the coming year, the global economy will gradually recover, and the valuation of investment properties is expected to regain the upward momentum. Therefore, the Group's overall performance is expected to remain optimistic in the coming year.

Business diversification is the development strategy of the Group, as it can open up more sources of revenue. The satisfactory performance of the Group over the past decade has proved that this strategy is correct. In particular, the impressive performance during the Reporting Year is encouraging. Instead of being complacent, the Group will continue to corporatise and diversify its businesses with reforms, in addition to exploring investment opportunities in the Mainland, Macau and overseas. The Board believes that the current name of the Group, that is, "Oriental Press Group Limited" does not now appropriately and sufficiently reflect our business diversification. Therefore, it is proposed that the Group be renamed as "Oriental Enterprise Holdings Limited", for portraying a better corporate image and a clearer positioning of our business.

SIGNIFICANT MATTERS AFTER THE END OF THE 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.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The net current assets as at 31 March 2021 amounted to approximately HK\$1,013,168,000 (2020: HK\$875,103,000), which includes time deposits, bank balances and cash amounting to approximately HK\$654,265,000 (2020: HK\$594,108,000). As at 31 March 2021, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.4% (2020: 0.3%).

CAPITAL EXPENDITURE

During the Reporting Year, the Group's capital expenditure was approximately HK\$4,212,000 (2020: HK\$8,075,000).

CONTINGENT LIABILITY

As at 31 March 2021, 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 2021, the Group employed 1,078 employees (2020: 1,197). 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 2021 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 (“AGM”)

The 2021 AGM will be held on Wednesday, 11 August 2021 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, 18 June 2021

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.