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東方企控集團有限公司

ORIENTAL ENTERPRISE HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 18)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board (the “Board”) of directors (the “Directors”) of Oriental Enterprise Holdings Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (collectively known as the “Group”) for the year ended 31 March 2023, together with the comparative figures for the corresponding year 2022, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue	3	677,165	735,782
Other income, net	3	66,906	33,127
Raw materials and consumables used		(90,787)	(71,499)
Staff costs including directors' emoluments		(381,031)	(387,606)
Depreciation of property, plant and equipment		(31,775)	(33,052)
Other operating expenses		(77,024)	(99,261)
Fair value gain on investment properties		38,613	22,220
Fair value gain on financial asset at fair value through profit or loss (“FVTPL”)		340	3
Net exchange (loss)/gain		(687)	361
Net gain/(loss) on disposal of property, plant and equipment		21	(412)
Net gain on disposal of investment properties classified as held for sale	15	11,295	–
Finance costs	6	(258)	(276)
Profit before tax	5	212,778	199,387
Income tax expenses	7	(41,855)	(31,513)
Profit for the year		170,923	167,874
Other comprehensive loss for the year, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of foreign operations		(41,351)	(2,482)
Total comprehensive income for the year		129,572	165,392

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		166,564	166,744
Non-controlling interests		4,359	1,130
		<u>170,923</u>	<u>167,874</u>
Total comprehensive income attributable to:			
Owners of the Company		126,194	164,733
Non-controlling interests		3,378	659
		<u>129,572</u>	<u>165,392</u>
Earnings per share			
Basic and diluted	<i>9</i>	<u>HK6.95 cents</u>	<u>HK6.95 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		400,282	427,480
Leasehold land		18,904	19,692
Investment properties		332,649	313,267
Financial asset at FVTPL		9,160	8,820
Loans and interest receivables	12	8,385	2,616
Deferred tax assets		2,982	2,385
		<u>772,362</u>	<u>774,260</u>
Current assets			
Inventories	10	74,483	65,292
Trade receivables	11	58,774	56,907
Loans and interest receivables	12	292,832	301,911
Other debtors, deposits and prepayments		15,313	12,967
Income tax recoverable		13,217	2,139
Cash and cash equivalents		665,196	633,593
		<u>1,119,815</u>	<u>1,072,809</u>
Investment properties classified as held for sale	15	<u>–</u>	<u>210,819</u>
Total current assets		<u>1,119,815</u>	<u>1,283,628</u>

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current liabilities			
Trade payables	<i>13</i>	11,376	20,974
Other creditors, accruals and deposits received		50,621	71,982
Contract liabilities		12,202	5,970
Income tax payables		4,392	15,710
Borrowings	<i>14</i>	7,572	7,053
Total current liabilities		86,163	121,689
Net current assets		1,033,652	1,161,939
Total assets less current liabilities		1,806,014	1,936,199
Non-current liabilities			
Deferred tax liabilities		76,159	72,144
Net assets		1,729,855	1,864,055
Capital and reserves			
Share capital		1,413,964	1,413,964
Reserves		303,921	441,499
Equity attributable to owners of the Company		1,717,885	1,855,463
Non-controlling interests		11,970	8,592
Total equity		1,729,855	1,864,055

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The financial information relating to the years ended 31 March 2023 and 2022 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 (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 March 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2023 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.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except where otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the Group's consolidated financial statements for the year ended 31 March 2022.

2. ADOPTION OF NEW/REVISED HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs:

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018-2020 Cycle

Amendments to HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

Annual Improvements Project – 2018-2020 Cycle

HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent’s date of transition to HKFRSs.

HKFRS 9: Fees in the “10 per cent” Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

HKAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

The adoption of the above amendments does not have any significant impact on the consolidated financial statements.

Future changes in HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
HKFRS 17	Insurance Contracts ¹
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ The effective date to be determined

The Directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the financial performance and financial position of the Group.

3. REVENUE AND OTHER INCOME

Revenue recognised during the year is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15 recognised at a point in time:		
Publication of newspaper and advertising income	509,900	541,638
Internet subscription and advertising income	115,162	134,401
Income from restaurant operation	5,010	5,451
Revenue from other sources:		
Interest earned on loans receivables	30,975	30,612
License fee income from hotel property	9,848	9,112
Rental income from investment properties	6,270	14,568
	<u>677,165</u>	<u>735,782</u>
Key items of other income are as follows:		
Other income from contracts with customers within HKFRS 15 recognised at a point in time:		
Sales of scrap materials	1,901	1,946
Other service income	15,409	13,399
Other income from contracts with customers within HKFRS 15 recognised over time:		
Other service income	10,167	10,954
Other income from other sources:		
Interest earned on bank balances and short-term deposits	11,103	1,200
Government grants (Note)	22,277	–
	<u>22,277</u>	<u>–</u>

Note:

During the year ended 31 March 2023, the Group had recognised government grants as follows:

- (i) approximately HK\$22,250,000 of the government grants is the funding support from the Employment Support Scheme (“ESS”) under the Anti-epidemic Funds, set up by the Hong Kong Special Administrative Region Government (the “Hong Kong 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, and
- (ii) approximately HK\$27,000 of the government grants is the funding support from Reimbursement of Maternity Pay Leave Scheme administered by the Labour Department. Through the scheme, employers can apply for reimbursement of the statutory maternity leave pay paid to employees in respect of the 11th to 14th weeks, subject to a cap of HK\$80,000 per employee.

4. SEGMENT INFORMATION

Based on the regular internal financial information reported to the executive Directors, 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 executive Directors have identified reportable operating segments, including the publication of newspaper, money lending business and other operating segments. The publication of newspaper includes publication of newspaper 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 and results represented revenue of the Group in the consolidated statement of profit or loss and other comprehensive income. Segment results represent the profit earned by or loss from each segment without allocation of government grants, corporate income such as bank interest income, sundry income, net exchange difference, corporate expenses such as directors' emoluments and finance costs.

Reportable segment assets represented all assets are allocated to each operating segment other than financial asset at FVTPL and cash and cash equivalents. Reportable segment liabilities represented all liabilities are allocated to each operating segment.

Reconciliation between the reportable segment revenue and results to the Group's profit before tax is presented below:

Reportable segment revenue and results

	Publication of newspaper		Money lending business		All other operating segments		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue from external customers	<u>625,062</u>	<u>676,039</u>	<u>30,975</u>	<u>30,612</u>	<u>21,128</u>	<u>29,131</u>	<u>677,165</u>	<u>735,782</u>
Reportable segment results	<u>106,864</u>	<u>183,197</u>	<u>22,999</u>	<u>21,631</u>	<u>71,118</u>	<u>12,264</u>	<u>200,981</u>	217,092
Government grants	<u>21,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582</u>	<u>-</u>	<u>22,277</u>	-
Unallocated corporate income							<u>34,990</u>	20,706
Unallocated exchange (loss)/gain							<u>(687)</u>	361
Unallocated corporate expenses							<u>(44,783)</u>	<u>(38,772)</u>
Profit before tax							<u>212,778</u>	<u>199,387</u>
Other information								
Reversal of/(Provision for) loss allowance for expected credit loss ("ECL") on trade receivables	(5)	679	-	-	10,277	(10,943)	10,272	(10,264)
Depreciation and amortisation	(29,055)	(29,904)	-	-	(3,508)	(3,936)	(32,563)	(33,840)
Fair value gain on investment properties	-	-	-	-	38,613	22,220	38,613	22,220
Net gain on the disposal of properties classified as held for sale	-	-	-	-	11,295	-	11,295	-
Additions to property, plant and equipment	<u>4,676</u>	<u>9,593</u>	<u>-</u>	<u>-</u>	<u>33</u>	<u>64</u>	<u>4,709</u>	<u>9,657</u>

An analysis of the Group's assets and liabilities by operating segments is set out below:

Reportable segment assets and liabilities

	Publication of newspaper		Money lending business		All other operating segments		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS								
Segments assets	<u>497,763</u>	<u>496,035</u>	<u>301,826</u>	<u>305,137</u>	<u>418,232</u>	<u>614,303</u>	<u>1,217,821</u>	<u>1,415,475</u>
Unallocated assets								
Financial asset at FVTPL							<u>9,160</u>	<u>8,820</u>
Cash and cash equivalents							<u>665,196</u>	<u>633,593</u>
Total assets							<u>1,892,177</u>	<u>2,057,888</u>
LIABILITIES								
Segment liabilities	<u>112,987</u>	<u>124,793</u>	<u>292</u>	<u>1,283</u>	<u>49,043</u>	<u>67,757</u>	<u>162,322</u>	<u>193,833</u>

Geographical information

The Group's revenue from external customers and its non-current assets (other than financial asset at FVTPL, loans and interest receivables and deferred tax assets) are divided into the following geographical areas:

	Revenue from			
	external customers		Non-current assets	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	<u>664,796</u>	<u>715,779</u>	<u>548,438</u>	<u>583,172</u>
Australia	<u>12,369</u>	<u>20,003</u>	<u>203,397</u>	<u>177,267</u>
	<u>677,165</u>	<u>735,782</u>	<u>751,835</u>	<u>760,439</u>

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 FVTPL, loans and interest receivables 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 FVTPL, loans and interest receivables and deferred tax assets), the location is determined by reference to the place where the majority business activities of the Company's subsidiaries operate.

Revenue from customers from segment of publication of newspaper for the years ended 31 March 2023 and 2022 contributed over 10% of the total sales of the Group are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	179,501	199,758
Customer B	170,529	172,318
	<u>350,030</u>	<u>372,076</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting) the following:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditors' remuneration*	1,536	1,273
Amortisation of leasehold land*	788	788
Raw materials and consumables used	90,787	71,499
Land tax expenses*	3,092	994
Expenses recognised for lease of low-value assets*	1,582	1,729
Provision for long service payments [^]	5,557	2,562
(Reversal of)/Provision for loss allowance for ECL on trade receivables*	(10,272)	10,264
Repairs and maintenance*	15,492	17,091
Water and electricity*	15,001	14,067
Rental income from investment properties (excluding hotel property) [#]	(6,270)	(14,568)
Less: Direct operating expenses from investment properties that generated rental income*	1,047	1,548
Rental income from investment properties (excluding hotel property) less direct operating expenses	<u>(5,223)</u>	<u>(13,020)</u>

* recorded as "Other operating expenses"

recorded as "Revenue"

[^] recorded as "Staff costs including directors' emoluments"

6. FINANCE COSTS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest charges on borrowings	<u>258</u>	<u>276</u>

7. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year, except for the first HK\$2,000,000 of a qualified entity's assessable profits which is calculated at 8.25%. The two-tiered profits tax rates regime is applicable to one entity within the Group for the years ended 31 March 2023 and 2022.

The Group's entity established in the Australia is subject to the Corporate Income Tax at a statutory rate of 30% for the years ended 31 March 2023 and 2022. Australia capital gains are calculated separately from income tax, by identifying the capital proceeds with respect to the designated Capital Gains Tax events includes disposal of assets and events arising from the tax consolidation rules and deducting the relevant cost base. Capital gains are reduced by amounts that are otherwise assessable under the ordinary income tax rules. Capital losses are deductible only from taxable capital gains and cannot be offset against ordinary income. However, ordinary or trading losses are deductible from net taxable capital gains.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	20,376	25,908
Australia Corporate Income Tax	14,671	–
Deferred taxation		
Origination of temporary differences	<u>6,808</u>	<u>5,605</u>
	<u>41,855</u>	<u>31,513</u>

8. DIVIDENDS

(a) Dividends attributable to the year

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend paid		
HK3 cents per share (2022: HK3 cents)	71,938	71,938
Special interim dividend paid		
HK2 cents per share (2022: Nil)	47,958	–
Proposed final dividend		
Nil (2022: HK3 cents)	–	71,938
Proposed special dividend		
Nil (2022: HK3 cents)	–	71,938
	<u>119,896</u>	<u>215,814</u>

The Directors have resolved not to pay final dividend for the year ended 31 March 2023 (2022: final dividend of HK3 cents per share of the Company (the “Share(s)”) and special dividend of HK3 cents per Share).

(b) Dividends recognised as distributions during the year

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
2021 final dividend	–	47,958
2021 special dividend	–	119,896
2022 interim dividend	–	71,938
2022 final dividend	71,938	–
2022 special dividend	71,938	–
2023 interim dividend	71,938	–
2023 special interim dividend	47,958	–
	<u>263,772</u>	<u>239,792</u>

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK\$166,564,000 (2022: approximately HK\$166,744,000) and on 2,397,917,898 (2022: 2,397,917,898) ordinary shares in issue during the year ended 31 March 2023.

For the years ended 31 March 2023 and 2022, diluted earnings per share was the same as the basic earnings per share as there were no dilutive shares in issue.

10. INVENTORIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Newsprint and printing materials	58,446	49,861
Spare parts and supplies	14,260	13,445
Others	1,777	1,986
	<u>74,483</u>	<u>65,292</u>

11. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	62,629	72,687
Less: Loss allowance for ECL	<u>(3,855)</u>	<u>(15,780)</u>
	<u>58,774</u>	<u>56,907</u>

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 HK\$ and Australian Dollars (“AU\$”).

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 60 days	25,933	27,567
61 – 90 days	7,852	12,018
Over 90 days	<u>24,989</u>	<u>17,322</u>
	<u>58,774</u>	<u>56,907</u>

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 were approved and monitored by the management of the Group, whilst overdue balances are reviewed regularly for recoverability. At 31 March 2023, the Directors reassessed all collaterals are located in Hong Kong with reference to recent market price of similar properties with a total market value of approximately HK\$412,040,000 (2022: approximately HK\$428,470,000).

If the customers repaid all the principal and interest in accordance with the loan agreement, the collateral is released and the transaction is deemed to be completed. In the event of default as defined in the relevant contract by customers, the Group might collect and sell the collaterals (through legal proceedings) after taking into legal advice. The risk of unrecoverable principal and interest is compensated by the realisable value of these collaterals.

13. TRADE PAYABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 60 days	10,980	19,255
61 – 90 days	158	1,084
Over 90 days	238	635
	<u>11,376</u>	<u>20,974</u>

14. BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other loan	<u>7,572</u>	<u>7,053</u>

At 31 March 2023 and 2022, the other loan is denominated in AU\$ and is made by a non-controlling shareholder of a subsidiary of the Company which is unsecured, and bears interest rate at 4% per annum and repayable on demand.

15. INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE

On 21 January 2022, the Group entered into three sale and purchase agreements with Bayside Pacific Developments Pty Ltd. (the “Purchaser”), a company incorporated in Australia with limited liability and wholly-owned by Mr. Alexander MA, a nephew of the Chairman and the Vice Chairman of the Group. Pursuant to which, the Group agreed to sell, and the Purchaser agreed to purchase, the properties at an aggregate consideration of AU\$38,000,000 (approximately HK\$207,441,000) (the “Disposal”). The Group received a sales deposit of AU\$3,800,000 (approximately HK\$22,315,000) as recorded in “Other creditors, accruals and deposit received” relating to the Disposal during the year ended 31 March 2022.

On 21 June 2022, the Disposal was approved by the members other than the Chairman and the Vice Chairman of the Group and their respective associates in the general meeting. The investment properties under all other operating segments which were expected to be sold within twelve months were classified as held for sale and were presented separately in the consolidated statement of financial position at 31 March 2022 in accordance to HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. The Disposal was completed on 23 June 2022 (the “Completion”).

After the Completion, a net gain on disposal of investment properties classified as held for sale of approximately AU\$2,087,000 (approximately HK\$11,295,000) was resulted during the year ended 31 March 2023.

RESULTS

For the year ended 31 March 2023 (the “Reporting Period”), due to the decrease in revenue from publication and advertising and increase in costs on printing materials, the overall performance of print media business declined. However, a net gain was recorded thanks to the sale of properties and appreciation in fair value of hotels in Australia. Together with subsidies from the Hong Kong Government and stringent cost control, the audited consolidated profit for the Reporting Period of the Group amounted to approximately HK\$170,923,000, an increase of approximately HK\$3,049,000, or approximately 2%, compared with the same period of last year.

DIVIDENDS

The Directors do not recommend the payment of final dividend (2022: final dividend of HK3 cents per Share and special dividend of HK3 cents per Share) for the Reporting Period. Together with the paid interim dividend of HK3 cents (2022: HK3 cents) per Share and special dividend of HK2 cents (2022: Nil) per Share, the dividends for the year amount to HK5 cents (2022: HK9 cents) per Share.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining entitlement of the shareholders of the Company (the “Shareholders”) to attend and vote at the annual general meeting of the Company (the “AGM”) to be held on Wednesday, 16 August 2023, the Register of Members of the Company will be closed from Thursday, 10 August 2023 to Wednesday, 16 August 2023 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting in the forthcoming AGM, all transfers accompanied with the relevant Share certificates must be deposited with the Company’s Share registrar, Tricor Friendly Limited, whose address is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 9 August 2023.

BUSINESS REVIEW

“**Oriental Daily News**” continues to be the best-selling and most widely read newspaper in Hong Kong, and has remained so in the last 47 years. Driven by its determination for quality, accuracy and agility, “**Oriental Daily News**” remains the mouthpiece of Hong Kong people, as it attaches great importance to people’s livelihood and speaks persistently for the grassroots. Despite facing pressure from different factions of the society and unfavourable external factors, “**Oriental Daily News**” continues to adapt to changes and innovate, maintaining its competitive edge and leading position in the local media.

“on.cc” combines information and functionality, and is committed to becoming the most popular news portal in Hong Kong. It keeps moving forwards and strives for excellence. During the Reporting Period, “on.cc” made a remarkable achievement when its mobile app attained an accumulated downloads of over 10 million. Its “Breaking News” channel provides the fastest and latest news and information around the clock, supplemented by high definition photos and video clips to provide reality to readers. To keep readers abreast of the hottest topics of the town, each article and video clip are now indicated with their number of views; readers may now easily spot the top stories at a glance and be always kept posted. The highly popular “Metaphysics” section features the “Online Drawing of Fortune Sticks”, which is widely used by readers, together with the “Daily Fortunes”, “Chinese Zodiac” and “Horoscope”. During the Reporting Period, a new section “Chinese Astrology” was added, which, together with “The Great Immortal’s Guidance”, has become a must-have mobile app for many people.

“onCH” is a reputable video news platform featuring global news, entertainment news and current affairs commentaries. In recent years, it has heavily invested in filming high definition live news coverage to provide readers with first-hand information. Its video streaming and live broadcast functions have accumulated more than 55 million views since April 2022. The platform is very popular with readers, and many of its programmes were rated “likes” by its readers; and going viral. “onCH” also provides live and rebroadcast sports coverage, including the matches of German 2. Bundesliga, Hong Kong Premier League, A1 Division Championship and others, allowing readers to enjoy a wide range of sports events anywhere, anytime.

“Money18” is a free real-time quote website designated by the Stock Exchange. Trusted by Hong Kong investors, with nearly one million registered users on its website and mobile app, it is undoubtedly one of the most influential real estate and finance information platforms in Hong Kong. The quality and functionality of its programmes are well recognised by stakeholders both within and outside the industry. In future, “Money18” will continue to improve its Hong Kong stock quotes function to help users analyse the market trend and seize investment opportunities. Besides, financial experts will be invited to share their investment insights with our readers through a wide range of financial programmes and live broadcasts, so that readers can understand the pulse of the market and anticipate the best opportunities.

After the new wave of COVID-19 in early 2022, the Hong Kong Government implemented the most stringent epidemic prevention measures and lock-down policy, which seriously affected the local economy and people’s livelihood. Consumer sentiment was greatly compromised and all sectors were experiencing difficulties. GDP growth recorded negative quarter-on-quarter for the whole of 2022 and did not pick up until the first quarter of 2023. The Group’s media business faced significant operational challenges during the Reporting Period, with overall revenue down by approximately HK\$50,977,000, or approximately 8%, compared with the same period of last year. Among others, the publication and advertising income of “Oriental Daily News” was approximately HK\$509,900,000, representing a decrease of approximately HK\$31,738,000, or approximately 6%, compared with the same period of last year. The revenue from the digital media business stood at approximately HK\$115,162,000, down by approximately HK\$19,239,000, or approximately 14%, compared with the same period of last year. In addition, the ongoing Russo-Ukraine conflict gives rise to global inflation, and the high oil prices and transportation costs also contributed to the increase in cost of raw materials for print media by approximately HK\$19,288,000, or approximately 27%, compared with the same period of last year. In a challenging and difficult operating environment, the management kept a tight rein on cost control, cutting staff costs by approximately HK\$6,575,000, or approximately 2% compared with the same period of last year. Since the Group has reached settlement with the Australian hotel operator regarding

the license fee dispute, the provision for loss allowance on trade receivables due from hotel operator has been reversed making the other operating expenses decreased approximately HK\$22,237,000, or approximately 22%, compared with the same period of last year. In addition to that, the Group received subsidies of approximately HK\$22,277,000 from the Hong Kong Government during the Reporting Period, which to some extent offset the falling revenue and the rising production costs.

All the local commercial properties held by the Group in North Point have been leased out, and the rental income stood at approximately HK\$3,749,000 during the Reporting Period, similar to that in the same period of last year. However, the valuation was down by approximately HK\$6,495,000, or approximately 5%, compared with last year, amid uncertainties such as rising global inflation, uncertainty over the trend of interest rate hikes, the unpredictable economic development in Hong Kong after the epidemic, and the high vacancy rate of local offices in recent years. That said, the Group's segment in Australia performed well, as tourism in the country has rebounded strongly since the relaxation of entry requirements in July of last year. Although it has not yet returned to the pre-COVID levels, the outlook is positive with significant growth relative to the lockdown period, leading to a rise in the valuation of the Group's hotel property by AU\$8,400,000, or 28%, compared with last year. The Australian hotel operator has timely repaid the licence fee receivable by the Group in accordance with the settlement agreement. Up to the date of this announcement, the Group has recovered approximately AU\$1,846,000 of the total licence fee receivable, being approximately AU\$2,169,000 in total. Meanwhile, the Group managed to dispose of some of its Australian investment properties for AU\$38,000,000 in June 2022. Part of the profit was ploughed back to Shareholders in the form of special dividends in the interim results for the year.

The money lending business showed steady growth, with loan receivables of approximately HK\$299,840,000 at the end of the Reporting Period, a decrease of approximately HK\$2,930,000, or approximately 1%, compared with last year. And the average loan-to-value ("LTV") ratio stood at approximately 73%. During the Reporting Period, the effective interest rate of loan receivables from customers was approximately 10% per annum. The total loan interest income amounted to approximately HK\$30,975,000, up by approximately HK\$363,000 or approximately 1% compared with the same period of last year. While the average LTV ratio was on an upward trend due to the decline in overall property prices, the Group's money lending business had a solid track record of selecting quality customers for the properties, first mortgage loans and mainly undertake short-term loans. Each loans is subject to prudently assessing applications in terms of mortgage ratios and lending rates, in order to control the loan risk. Besides, we kept an eye on mortgage repayments and the market value of pledged properties, so as to reduce default risk. There were no bad debts recorded in the money lending business during the Reporting Period.

At the end of the Reporting Period, the portfolio of outstanding loan receivables are as below:

Outstanding loan receivables (HK\$ per loan)	Borrower (Units)	Loan annual interest rate (%)	Assets pledged	LTV ratio upon granting of loans (%)	Loan period (Years)
More than 10,000,000	4	6.96% – 11.52%	Hong Kong properties	61% – 70%	1
Not more than 10,000,000 (*)	3	Not more than 2%	Hong Kong properties	50% – 70%	20

(*) *Staff loans*

BUSINESS OUTLOOK

The three-year COVID-19 pandemic has hit people's livelihood hard in Hong Kong, and economic activities have yet to resume normal. The Hong Kong Government has organised various large-scale sports, entertainment and promotional events to promote the territory. In addition, the new round of electronic consumption vouchers will help in a boost of the local economy. With the lifting of all anti-epidemic measures, our customers from all sectors take the opportunity to increase publicity. All these factors are expected to drive up the advertising revenue of the Group. Quarantine-free travel between Hong Kong and the Mainland resumed within the year, which has further stimulated the economy and directly benefited the Group's media business. Seizing the opportunities, "on.cc" is constantly improving its advertising formats to match the fast-growing e-marketing approaches, in order to help advertisers reach their target consumers with precision and to attract more potential customers. "on.cc" will continue to diversify its digital payment platforms, selecting and producing a wide range of programmes, including concerts and sports events, in order to expand its clientele and readership for greater competitiveness. Although traditional print newspapers are constantly challenged by digital media, the print media business remains the Group's most profitable segment. This proves that "Oriental Daily News", as a newspaper for Hong Kong people and the best-selling newspaper in Hong Kong, has a large readership and an excellent and professional workforce, thus capable of withstanding any challenge. In the face of global inflation, costs for the print media business are expected to be on the rise again in the coming year. The Group will continue to implement cost-saving measures and will adjust its inventory level based on the conditions of the printing material market from time to time to minimise costs. The Board is confident that the print media business will remain stable.

All local properties held by the Group have been leased out and are generating steady rental income for the Group. Owing to the downturn in the local office leasing market, however, rental income is expected to drop in the coming year. Meanwhile the valuation of the hotel property held by the Group in Australia has risen, as the tourism industry remains buoyant following the relaxation of entry restrictions in July of last year. The Group has been holding the hotel property for almost two decades, accumulating a steady licence fee income and a significant growth in property valuation. The Group continues to actively seek buyers to lock in profits and to increase its cash flow. However, the global atmosphere remained tense during the Reporting Period, with negative factors such as geopolitics, inflation and protectionism continuing to rise, all of which affected local business and investment sentiment. The overall office vacancy rate in Hong Kong also reached a record high for several months in a row. As investors are reluctant to enter the market without caution, it will take time to restore their confidence in the market. The Group will also select high-yield projects for investment carefully.

In terms of the money lending business, the overall loan amount granted has reached a significant level and revenue is growing steadily. Large-scale properties mortgage continue to be the target clientele of the Group. Although residential property transactions in Hong Kong have picked up in recent months, the overall trend of property prices remains unclear, as new residential properties are being sold at low prices, the vacancy rate of office buildings is high, and the rising interest rates have not yet peaked. The management will adopt stringent approval and risk management measures to maximise the return on the money lending business and minimise risks. In addition, despite the recent rise in Hong Kong dollar interest rates, the financing market has become more active. The management expects the Group's money lending business to expand steadily in the coming year, and will reserve funds for development and higher returns. The Board is optimistic about the prospect of the money lending business.

Traditional print media is being challenged by the ever-changing technology and the far-reaching impact of digital media. The Group will continue to invest in the development of new media business, and to maintain its competitive edge in the spirit of innovation and non-complacency, so as to promote the concept of “seeing the world via on.cc”. The Group will keep diversifying its operations and accordingly its business risks, creating corporate values and maximising returns for its shareholders. Rooted in Hong Kong for 54 years, the Group has gone through thick and thin with Hong Kong people. We will speak out fearlessly for the people as always, as we stride towards our 55th anniversary with pride.

SIGNIFICANT MATTERS AFTER THE END OF THE REPORTING PERIOD

Subsequent to 31 March 2023, save as disclosed elsewhere in the consolidated financial statements, the Group has no significant subsequent events.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The net current assets as at 31 March 2023 amounted to approximately HK\$1,033,652,000 (2022: approximately HK\$1,161,939,000), which include time deposits, bank balances and cash amounting to approximately HK\$665,196,000 (2022: approximately HK\$633,593,000). As at 31 March 2023, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 0.4% (2022: 0.4%).

CAPITAL EXPENDITURE

During the Reporting Period, the Group’s capital expenditure was approximately HK\$4,709,000 (2022: approximately HK\$9,657,000).

CONTINGENT LIABILITY

As at 31 March 2023, 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 exchange 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 2023, the Group employed 908 employees (2022: 960). 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 all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Reporting Period. The Company has adopted most of the recommended best practices stated therein.

AUDIT COMMITTEE

The audit committee of the Company was established in compliance with Rules 3.21 of the Listing Rules. It has reviewed the accounting principles and practices adopted by the Group and the annual results for the Reporting Period with the management .

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of this announcement of the Group for the Reporting Period have been reviewed and agreed by the Company's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Mazars on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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 Reporting Period.

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.

AGM

The AGM to the Shareholders will be held on Wednesday, 16 August 2023 and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company at <https://oeh.on.cc> and on the website of the Stock Exchange at www.hkexnews.hk. The annual report for the Reporting Period 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 accordance with the Listing Rules in due course.

On behalf of the Board
Oriental Enterprise Holdings Limited
Ching-fat MA
Chairman

Hong Kong, 20 June 2023

As at the date hereof, the Board comprises seven directors, of which three are executive Directors, namely Mr. Ching-fat MA (Chairman), Mr. King-ho 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.