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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board (the “Board”) of directors (the “Director(s)”) of Oriental Enterprise Holdings 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 2023 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2022, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended	
		30.9.2023	30.9.2022
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	4	312,085	344,429
Other income	4	25,807	32,269
Raw materials and consumables used		(44,745)	(41,946)
Staff costs including directors' emoluments		(185,644)	(191,219)
Depreciation of property, plant and equipment		(16,210)	(15,566)
Impairment of leasehold building		(5,224)	–
Other operating expenses		(43,742)	(35,482)
Net fair value loss on investment properties	11	(6,553)	–
Net exchange loss		(200)	(604)
Net gain on disposal of property, plant and equipment		12	21
Net gain on disposal of investment properties classified as held for sale	14	–	11,295
Finance costs		(828)	(138)
Profit before tax	6	34,758	103,059
Income tax expenses	7	(2,969)	(17,510)
Profit for the period		31,789	85,549
Other comprehensive loss for the period, net of tax:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of foreign operations		(17,109)	(54,317)
Total comprehensive income for the period		14,680	31,232

	Six months ended	
	30.9.2023	30.9.2022
	(Unaudited)	(Unaudited)
<i>Note</i>	HK\$'000	HK\$'000
Profit for the period attributable to:		
Owners of the Company	30,744	84,690
Non-controlling interests	1,045	859
	<u>31,789</u>	<u>85,549</u>
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	14,177	31,640
Non-controlling interests	503	(408)
	<u>14,680</u>	<u>31,232</u>
Earnings per share		
Basic and diluted	9	
	<u>HK1.28 cents</u>	<u>HK3.53 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	<i>Note</i>	30.9.2023 (Unaudited) HK\$'000	31.3.2023 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	10	390,133	400,282
Leasehold land		18,510	18,904
Investment properties	11	317,154	332,649
Financial asset at fair value through profit or loss ("FVTPL")		9,160	9,160
Loans and interest receivables	12	5,765	8,385
Deferred tax assets		2,998	2,982
		<u>743,720</u>	<u>772,362</u>
Current assets			
Inventories		77,325	74,483
Trade receivables	13	44,421	58,774
Loans and interest receivables	12	520,602	292,832
Other debtors, deposits and prepayments		18,605	15,313
Income tax recoverable		12,059	13,217
Cash and cash equivalents	15	531,673	665,196
		<u>1,204,685</u>	<u>1,119,815</u>
Total current assets			
Current liabilities			
Trade payables	16	8,643	11,376
Other creditors, accruals and deposits received		57,567	50,621
Contract liabilities		11,928	12,202
Income tax payable		5,959	4,392
Lease liability		7,206	–
Bank overdrafts		29,717	–
Borrowings		7,368	7,572
		<u>128,388</u>	<u>86,163</u>
Total current liabilities			
Net current assets			
		<u>1,076,297</u>	<u>1,033,652</u>
Total assets less current liabilities			
		<u>1,820,017</u>	<u>1,806,014</u>

		30.9.2023	31.3.2023
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
Non-current liabilities			
Deferred tax liabilities		<u>75,482</u>	<u>76,159</u>
Net assets		<u>1,744,535</u>	<u>1,729,855</u>
Capital and reserves			
Share capital	<i>17</i>	1,413,964	1,413,964
Reserves		<u>318,098</u>	<u>303,921</u>
Equity attributable to owners of the Company		1,732,062	1,717,885
Non-controlling interests		<u>12,473</u>	<u>11,970</u>
Total equity		<u>1,744,535</u>	<u>1,729,855</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Equity attributable to owners of the Company				Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000 (Note 17)	Exchange translation reserve HK\$'000 (Note)	Properties revaluation reserve HK\$'000 (Note)	Retained profits HK\$'000 (Note)			
At 1 April 2022 (audited)	1,413,964	18,171	9,700	413,628	1,855,463	8,592	1,864,055
Profit for the period	-	-	-	84,690	84,690	859	85,549
Other comprehensive loss							
<i>Item that may be reclassified subsequently to profit or loss:</i>							
- Exchange differences arising on translation of foreign operations	-	(53,050)	-	-	(53,050)	(1,267)	(54,317)
Total comprehensive income/(loss) for the period	-	(53,050)	-	84,690	31,640	(408)	31,232
Transactions with owners							
2022 final and special dividends paid (Note 8)	-	-	-	(143,876)	(143,876)	-	(143,876)
At 30 September 2022 (unaudited)	<u>1,413,964</u>	<u>(34,879)</u>	<u>9,700</u>	<u>354,442</u>	<u>1,743,227</u>	<u>8,184</u>	<u>1,751,411</u>
At 1 April 2023 (audited)	<u>1,413,964</u>	<u>(22,199)</u>	<u>9,700</u>	<u>316,420</u>	<u>1,717,885</u>	<u>11,970</u>	<u>1,729,855</u>
Profit for the period	-	-	-	30,744	30,744	1,045	31,789
Other comprehensive loss							
<i>Item that may be reclassified subsequently to profit or loss:</i>							
- Exchange differences arising on translation of foreign operations	-	(16,567)	-	-	(16,567)	(542)	(17,109)
Total comprehensive income/(loss) for the period	-	(16,567)	-	30,744	14,177	503	14,680
At 30 September 2023 (unaudited)	<u>1,413,964</u>	<u>(38,766)</u>	<u>9,700</u>	<u>347,164</u>	<u>1,732,062</u>	<u>12,473</u>	<u>1,744,535</u>

Note: These reserve accounts comprise of the consolidated reserves of approximately HK\$318,098,000 (six months ended 30 September 2022: approximately HK\$329,263,000) 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 2023

1. BASIS OF PREPARATION

The financial information relating to the year ended 31 March 2023 that is included in the interim condensed consolidated financial statements for the Reporting Period 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 2023 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 ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These interim condensed consolidated financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 March 2023.

These interim condensed consolidated financial statements have been prepared on the historical cost basis except for the investment properties and financial asset at FVTPL, which are measured at fair value.

The preparation of interim condensed consolidated 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 period to date basis. Actual results may differ from these estimates. The interim condensed consolidated 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

The accounting policies applied in the interim condensed consolidated financial statements for the Reporting Period are consistent with those adopted in the consolidated financial statements for the year ended 31 March 2023, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the Reporting Period and the Group had to change its accounting policies and make retrospective adjustments, if applicable, as a result of adopting the following standards:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12 HKFRS 17	International Tax Reform – Pillar Two Model Rule Insurance Contracts
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of these new or amended standards listed above did not have any material impact on the Group's accounting policies.

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 2023.

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 2023.

The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the Reporting Period in which they occur. During the Reporting Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

For the Reporting Period, there was net fair value loss on investment properties of approximately HK\$6,553,000 (six months ended 30 September 2022: Nil).

4. REVENUE AND OTHER INCOME

Revenue recognised during the period are as follows:

	Six months ended	
	30.9.2023	30.9.2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers within HKFRS 15 recognised at a point in time:		
Publication of newspaper and advertising income	233,675	254,165
Internet subscription and advertising income	50,082	60,442
Income from restaurant operation	2,168	2,570
Revenue from other sources:		
Interest earned on loans receivables	19,046	16,891
License fee income from hotel property	5,337	5,903
Rental income from investment properties	1,777	4,458
	312,085	344,429
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	817	988
Other service income	7,109	6,958
Other income from contracts with customers within HKFRS 15 recognised over time:		
Other service income	4,519	5,262
Other income from other sources:		
Interest earned on bank balances and short-term deposits	12,779	2,921
Government grants (<i>Note</i>)	–	15,116

Note: During the period ended 30 September 2022, HK\$15,116,000 of the government grants are 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 grants, 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.

5. 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 segment 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 condensed 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	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30.09.2023 (Unaudited) HK\$'000	30.09.2022 (Unaudited) HK\$'000	30.09.2023 (Unaudited) HK\$'000	30.09.2022 (Unaudited) HK\$'000	30.09.2023 (Unaudited) HK\$'000	30.09.2022 (Unaudited) HK\$'000	30.09.2023 (Unaudited) HK\$'000	30.09.2022 (Unaudited) HK\$'000
Reportable segment revenue from external customers	<u>283,757</u>	<u>314,607</u>	<u>19,046</u>	<u>16,891</u>	<u>9,282</u>	<u>12,931</u>	<u>312,085</u>	<u>344,429</u>
Reportable segment profit/(loss)	<u>20,984</u>	<u>60,929</u>	<u>16,973</u>	<u>15,833</u>	<u>(1,375)</u>	<u>21,295</u>	<u>36,582</u>	<u>98,057</u>
Government grants	<u>-</u>	<u>14,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540</u>	<u>-</u>	<u>15,116</u>
Unallocated corporate income							<u>21,439</u>	<u>12,828</u>
Unallocated net exchange loss							<u>(200)</u>	<u>(604)</u>
Unallocated corporate expenses							<u>(23,063)</u>	<u>(22,338)</u>
Profit before tax							<u>34,758</u>	<u>103,059</u>
<i>Other information</i>								
Reversal of loss allowance for expected credit loss ("ECL") on trade receivables	<u>197</u>	<u>252</u>	<u>-</u>	<u>-</u>	<u>404</u>	<u>8,704</u>	<u>601</u>	<u>8,956</u>
Depreciation and amortisation	<u>(14,868)</u>	<u>(14,186)</u>	<u>-</u>	<u>-</u>	<u>(1,736)</u>	<u>(1,774)</u>	<u>(16,604)</u>	<u>(15,960)</u>
Net fair value loss on investment properties	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,553)</u>	<u>-</u>	<u>(6,553)</u>	<u>-</u>
Additions to property, plant and equipment during the period	<u>11,320</u>	<u>1,593</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>3</u>	<u>11,325</u>	<u>1,596</u>

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

Reportable segment assets and liabilities

	Publication of newspaper		Money lending business		All other operating segments		Total	
	30.9.2023 (Unaudited) HK\$'000	31.3.2023 (Audited) HK\$'000	30.9.2023 (Unaudited) HK\$'000	31.3.2023 (Audited) HK\$'000	30.9.2023 (Unaudited) HK\$'000	31.3.2023 (Audited) HK\$'000	30.9.2023 (Unaudited) HK\$'000	31.3.2023 (Audited) HK\$'000
ASSETS								
Segment assets	<u>478,812</u>	<u>497,763</u>	<u>526,976</u>	<u>301,826</u>	<u>401,784</u>	<u>418,232</u>	<u>1,407,572</u>	1,217,821
Unallocated assets								
Financial asset at FVTPL							9,160	9,160
Cash and cash equivalents							<u>531,673</u>	<u>665,196</u>
Total assets							<u>1,948,405</u>	<u>1,892,177</u>
LIABILITIES								
Segment liabilities	<u>154,437</u>	<u>112,987</u>	<u>2,022</u>	<u>292</u>	<u>47,411</u>	<u>49,043</u>	<u>203,870</u>	<u>162,322</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	
	Six months ended			
	30.9.2023 (Unaudited) HK\$'000	30.9.2022 (Unaudited) HK\$'000	30.9.2023 (Unaudited) HK\$'000	31.3.2023 (Audited) HK\$'000
Hong Kong	<u>306,748</u>	335,948	<u>521,479</u>	548,438
Australia	<u>5,337</u>	<u>8,481</u>	<u>204,318</u>	<u>203,397</u>
	<u>312,085</u>	<u>344,429</u>	<u>725,797</u>	<u>751,835</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 the 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.

During the Reporting Period, approximately HK\$159,756,000 (six months ended 30 September 2022: approximately HK\$173,751,000) out of the Group's revenue of approximately HK\$312,085,000 (six months ended 30 September 2022: approximately HK\$344,429,000) was contributed by two (six months ended 30 September 2022: two) customers of approximately HK\$81,450,000 (six months ended 30 September 2022: approximately HK\$89,834,000) and of approximately HK\$78,306,000 (six months ended 30 September 2022: approximately HK\$83,917,000), respectively, from segment of publication of newspapers. No other single customer contributed 10% or more to the Group's revenue for the Reporting Period and six months ended 30 September 2022.

6. PROFIT BEFORE TAX

	Six months ended	
	30.9.2023	30.9.2022
	(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*	1,734	1,648
Land tax expenses*	966	1,490
Lease charges for lease of low-value assets*	655	852
Reversal of loss allowance for ECL on trade receivables*	(601)	(8,956)
Repair and maintenance*	7,021	7,964
Water and electricity*	8,544	7,563
Rental income from investment properties (excluding hotel property)#	(1,777)	(4,458)
Less: Direct operating expenses from investment properties that generated rental income during the period*	33	1,010
Rental income from investment properties (excluding hotel property) less direct operating expenses	(1,744)	(3,448)

* recorded as "Other operating expenses"

recorded as "Revenue"

7. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at the rate of 16.5% (six months ended 30 September 2022: 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%. The two tiered profits tax rates regime is applicable to one entity within the Group for the Reporting Period and six months ended 30 September 2022.

The Group's entity established in Australia is subject to the corporate income tax at a statutory rate of 30% for the Reporting Period and six months ended 30 September 2022.

	Six months ended	
	30.9.2023	30.9.2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	3,123	10,559
Overseas Income Tax	453	–
	<u>3,576</u>	<u>10,559</u>
Deferred taxation:		
Origination of temporary difference	(607)	6,951
Income tax expenses	<u>2,969</u>	<u>17,510</u>

8. DIVIDENDS

During the Reporting Period, no final dividend was declared in respect of the year ended 31 March 2023 (six months ended 30 September 2022: final dividend of HK3 cents per share of the Company (the "Share(s)") and special dividend of HK3 cents per Share) and paid to the shareholders of the Company (the "Shareholder(s)") (six months ended 30 September 2022: approximately HK\$143,876,000).

Subsequent to the end of the Reporting Period, the Directors have resolved not to pay interim dividend (six months ended 30 September 2022: interim dividend of HK3 cents per Share and special dividend of HK2 cents per Share) for the Reporting Period.

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\$30,744,000 (six months ended 30 September 2022: approximately HK\$84,690,000) and on 2,397,917,898 (six months ended 30 September 2022: 2,397,917,898) ordinary shares during the Reporting Period.

For the Reporting Period and six months ended 30 September 2022, diluted earnings per share was the same as the basic earnings per share as there was no dilutive shares in issue.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK\$6,000 (six months ended 30 September 2022: approximately HK\$19,000) for sale proceeds of approximately HK\$18,000 (six months ended 30 September 2022: approximately HK\$40,000), resulting in a gain on disposal of approximately HK\$12,000 (six months ended 30 September 2022: approximately HK\$21,000).

In addition, during the Reporting Period, the Group acquired property, plant and equipment of approximately HK\$11,325,000 (six months ended 30 September 2022: approximately HK\$1,596,000).

At 30 September 2023, an impairment of leasehold building of approximately HK\$5,224,000 (six months ended 30 September 2022: Nil) was recognised.

11. INVESTMENT PROPERTIES

	30.9.2023 (Unaudited) HK\$'000	31.3.2023 (Audited) HK\$'000
At fair value		
At the beginning of the reporting period	332,649	313,267
Changes in fair value	(6,553)	38,613
Exchange realignments	(8,942)	(19,231)
	317,154	332,649

The Group's entire property interests were held under leases to earn rentals income or for capital appreciation which were measured using fair value model and were classified and accounted for as investment properties. The Group's investment properties were located in Hong Kong and Australia.

Investment property situated in Australia was revalued by Messrs. Jeffrey Perkins & Associates, Property Valuers & Consultants (“Jeffrey Perkins”) at 30 September 2023 and 31 March 2023. Jeffrey Perkins is an independent qualified professional valuer not connected to the Group. The valuation of investment properties have been arrived by adopting direct comparison approach with reference to comparable sales evidence as available in the relevant market with due allowance for the reversionary potential of the respective properties at the end of the reporting periods.

Investment properties situated in Hong Kong were revalued at 30 September 2023 by BonVision International Appraisals Limited (31 March 2023: Roma Appraisals Limited). The valuations of investment properties have been arrived by adopting income approach with reference to the current rents passing and the reversionary income potential of the tenancies or, where appropriate, by reference to comparable sales evidence as available in the relevant markets at the end of the reporting periods.

	30.9.2023 (Unaudited) <i>HK\$’000</i>	31.3.2023 (Audited) <i>HK\$’000</i>
Investment properties located		
in Australia	203,054	202,049
in Hong Kong	114,100	130,600
	317,154	332,649

12. LOANS AND INTEREST RECEIVABLES

	30.9.2023 (Unaudited) <i>HK\$’000</i>	31.3.2023 (Audited) <i>HK\$’000</i>
Analysed as:		
Current	520,602	292,832
Non-current	5,765	8,385
	526,367	301,217

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.

At 30 September 2023, all loan receivables were secured by real estate properties in Hong Kong which carried effective interest rates of 10.36% per annum (31 March 2023: 9.91% per annum). Secured loans receivables have maturity date ranging from 1 year to 19 years (31 March 2023: 1 year to 20 years). The amounts of principal will be receivable either on respective maturity dates or by monthly instalments.

The loan receivables have been reviewed by the Directors to assess ECL which are based on collaterals against loans and interest 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 loans 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. Accordingly, taking into account fair value of the collaterals, the Directors considered that no loss allowance for ECL was necessary at 30 September 2023 (31 March 2023: Nil).

13. TRADE RECEIVABLES

The Group allows an average credit period 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 ("AU\$").

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

	30.9.2023 (Unaudited) <i>HK\$'000</i>	31.3.2023 (Audited) <i>HK\$'000</i>
0 – 60 days	20,697	25,933
61 – 90 days	8,248	7,852
Over 90 days	15,476	24,989
	44,421	58,774

14. 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 Board. 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").

On 21 June 2022, the Disposal was approved by the members other than the Chairman and the Vice Chairman of the Board and their respective associates in the general meeting. The investment properties 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 period ended 30 September 2022.

15. CASH AND CASH EQUIVALENTS

	30.9.2023 (Unaudited) HK\$'000	31.3.2023 (Audited) HK\$'000
Bank balances and cash	253,229	665,196
Restricted bank deposits	<u>278,444</u>	<u>–</u>
	<u>531,673</u>	<u>665,196</u>

16. 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:

	30.9.2023 (Unaudited) HK\$'000	31.3.2023 (Audited) HK\$'000
0 – 60 days	8,105	10,980
61 – 90 days	143	158
Over 90 days	<u>395</u>	<u>238</u>
	<u>8,643</u>	<u>11,376</u>

17. SHARE CAPITAL

	Number of shares	HK\$'000
Issued and fully paid:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023, ordinary shares with no par value	<u>2,397,917,898</u>	<u>1,413,964</u>

18. OPERATING LEASE ARRANGEMENTS

At the end of the Reporting Period, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of the investment properties as follows:

	30.9.2023 (Unaudited) <i>HK\$'000</i>	31.3.2023 (Audited) <i>HK\$'000</i>
Within 1 year	15,227	13,911
More than 1 year but within 2 years	14,049	13,977
More than 2 years but within 3 years	12,641	12,948
More than 3 years but within 4 years	13,146	13,466
More than 4 years but within 5 years	6,702	14,004
	61,765	68,306

The Group leases its investment properties under operating lease arrangements which run for an initial period of one 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.

19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these condensed consolidated financial statements, the Group paid legal fees amounting to approximately HK\$622,000 (six months ended 30 September 2022: approximately HK\$624,000) to Messrs. Iu, Lai & Li during the Reporting Period. 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.

The remuneration of key management personnel during the Reporting Period was as follows:

	Six months ended	
	30.9.2023 (Unaudited) <i>HK\$'000</i>	30.9.2022 (Unaudited) <i>HK\$'000</i>
Salaries and other short-term employee benefits	17,460	17,460
Pension costs – defined contribution plans	18	18

20. 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.

21. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Board on 23 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the Reporting Period, the unaudited consolidated profit attributable to owners of the Company amounted to approximately HK\$30,744,000, representing a decrease of approximately HK\$53,946,000 or approximately 64% as compared with the same period of last year. The revenue of the Group amounted to approximately HK\$312,085,000, representing a decrease of approximately HK\$32,344,000 or approximately 9% as compared with the same period of last year. The decrease in profit was mainly attributable to the government no longer provides support subsidies during the Reporting Period, while the Group received the government support subsidies of approximately HK\$15,116,000 in the same period of last year, the gain on disposal of properties in Australia and the reversal of provision for ECL of license fee receivable from the settlement of the dispute with the hotel operator on license fee receivable in Australia with a total net amount of approximately HK\$19,595,000 in the same period of last year, as well as the decrease in valuation of investment properties and impairment of leasehold buildings held by the Group at the end of the Reporting Period with a total net amount of approximately HK\$11,777,000. Excluding the above factors, the unaudited consolidated profit attributable to owners of the Company decreased by approximately HK\$7,458,000, or approximately 15%, when compared with the same period of last year.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 September 2023, the Group had net current assets of approximately HK\$1,076,297,000 (31 March 2023: approximately HK\$1,033,652,000), which include short-term time deposits, bank balances and cash amounting to approximately HK\$531,673,000 (31 March 2023: approximately HK\$665,196,000). Also, as at 30 September 2023, the Group had bank overdraft of approximately HK\$29,717,000 (31 March 2023: Nil) and amount payable to a non-controlling shareholder of one of the Company's subsidiaries of approximately HK\$7,368,000 (31 March 2023: approximately HK\$7,572,000). As at 30 September 2023, the Group's gearing ratio measured on the basis of total borrowings as a percentage of total shareholders' equity, was approximately 2.1% (31 March 2023: approximately 0.4%).

CAPITAL EXPENDITURE AND FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET PURCHASE

During the Reporting Period, the Group's capital expenditure was approximately HK\$11,325,000 (six months ended 30 September 2022: approximately HK\$1,596,000). The Group had no specific plan for material investment or acquisition of capital assets as at 30 September 2023.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

Save for those disclosed in this announcement, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

CHARGE ON THE GROUP'S ASSETS

As at 30 September 2023, apart from the total short-term time deposits of approximately HK\$278,444,000 as security for the Group's bank overdraft, the Group did not have any charge on its assets (31 March 2023: Nil).

CONTINGENT LIABILITY

As at 30 September 2023, the Group had no material contingent liability.

DIVIDENDS

The Directors do not recommend the payment of an interim dividend (six months ended 30 September 2022: an interim dividend of HK3 cents per Share and a special dividend of HK2 cents per Share) for the Reporting Period.

BUSINESS REVIEW

“**Oriental Daily News**” continues to be the best-selling and most widely-read paid newspaper in Hong Kong, and has so remained for the last 47 consecutive years. It is truly “The Paper for Hong Kong”. Being a voice for the people has been the foundation of Oriental Daily News in the industry for decades. With the support of its extensive readers, Oriental Daily News continues to defy those in power, adapt to changes and innovate, maintain a strong competitive edge, concern with people's livelihood and persistently speak out for the public, which demonstrated the value of the media and consolidated its leading position in the local media.

“**on.cc**” continues to develop and enrich its content, aiming at becoming the most popular news portal in Hong Kong. During the Reporting Period, on.cc accumulated more than 10 million downloads on its mobile app, achieving great success as it had become a must-have mobile application for many people. Among others, the fastest and most up-to-date “Realtime News” platform is widely known for its exclusive coverage and information, together with its high resolution photos and videos. In addition, on.cc has launched a brand new integrated information programme “Call on.cc with instant response (東呼即應)”, which has become an instant hit among netizens and attracted a large number of viewers. In order to enable the public to watch the programme at any time with only one click, a designated page has been added to the website and mobile app interface, allowing them to enjoy the latest content of the programme directly. A special section on “Call on.cc with instant response (東呼即應)” has been set up for the public to voice out their grievances, which had become the mainstay of the programme. Citizens could report their grievances through the 24-hour hotline, and the production team will dig into the matters and seek professional advice from experts and scholars, in order to dismantle the crux of the problem and speak for the victims, so as to realise the programme's mission of “Call on.cc (東呼)” and get “instant response (即應)” from all sectors of the community. This programme stands for the people of Hong Kong and support for it will get stronger and stronger.

“onCH” continues to strive for excellence and innovation. During the Reporting Period, onCH launched various brand new programmes, including “Health Directions (健康全方位)”, “Cindy Lover (仙迪LOVER)” and “Chill with Yammy (Yammy 帶你 Chill)”, which offer information on medical matters, healthy diets, pet news, fashion trends, popular attractions, travel tips and other hot topics. The weekly interesting content offered much entertainment to the viewers. In addition, a designated page on “Call on.cc with instant response (東呼即應)” has been added to onCH, which helped the audience to keep abreast of the latest hot topics of concern among the general public. onCH also provides live and rebroadcast sports coverage, including the matches of AFC Champions League, Hong Kong Premier League, A1 Division Championship and other popular sports events, 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 and over 2.4 million of mobile application downloads, 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. Money18 also strives to develop live financial programmes. Financial experts have been invited to analyse market trends and 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 for investment.

Hong Kong borders reopened in the beginning of 2023, with the hope that economic activity would pick up with the resurgence of visitors. The local economy recorded growth in the first quarter, reversing the economic contraction in the previous quarter, which was expected to bring things back to normal. However, the number of inbound tourists has not been satisfactory, and the consumption pattern of tourists is gradually changing. The public is travelling out of Hong Kong to spend money after the borders reopened, and the Hong Kong’s economic activities lack momentum in recovering from the downturn. The continued decline in the value of local exports and imports, the relocation of foreign-invested enterprises and the net outflow of local population have caused a drop in the ranking of Hong Kong’s competitiveness, which directly affected the Group’s revenue from the media business. Although the production cost of the media business had come down, the Group’s media business continued to face significant challenges during the Reporting Period amidst the sluggish economy. The overall revenue of Oriental Daily News decreased by approximately HK\$20,490,000 or approximately 8% compared with the same period of last year, while the revenue from the digital media business decreased by approximately HK\$10,360,000 or approximately 17% compared with the same period of last year.

On the property investment front, all the commercial properties held by the Group in North Point have been leased out, and the rental income amounted to approximately HK\$1,777,000 during the Reporting Period, similar to that in the same period of last year. However, affected by the continuous downturn of the local economy, the vacancy rate of local commercial buildings remained at a high level in recent years, coupled with uncertainties such as the Hong Kong dollar interest rates might not yet reached their peaks, the local commercial property market has been under pressure. The valuation of the investment properties held by the Group at the end of the Reporting Period decreased by approximately HK\$16,500,000, or approximately 13%, as compared to that as at 31 March 2023. In addition, an impairment loss of approximately HK\$5,224,000 was also recorded in respect of the local leasehold properties held by the Group. That said, the Group's segment in Australia performed well, leading to a rise in the valuation of the Group's hotel property by AU\$1,920,000, or 5%, compared to that as at 31 March 2023, partially offset the loss on valuation of the local leasehold commercial properties. The Australian hotel operator has timely repaid the licence fee receivable in accordance with the settlement agreement. Up to the date of this announcement, the Group has recovered all of the licence fee receivable as stipulated in the agreement, being approximately AU\$2,169,000 in total.

The money lending business of the Group showed steady growth, with loan receivables of approximately HK\$524,070,000 at the end of the Reporting Period, an increase of approximately HK\$224,230,000, or approximately 75%, compared to that as at 31 March 2023. The average loan-to-value ("LTV") ratio stood at approximately 69%. 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\$19,046,000, up by approximately HK\$2,155,000 or 13% compared with the same period of last year. The Group's money lending business had a solid track record of selecting quality customers for the properties first mortgage loans and mainly undertook short-term loans. Each loan was subject to prudent assessment in terms of mortgage ratios and lending rates, in order to control the loan risk. Besides, we have 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 Group's portfolio of outstanding loan receivables is 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	6	6.96% – 11.52%	Hong Kong properties	61% – 70%	1
Not more than 10,000,000 (*)	2	Not more than 2%	Hong Kong properties	50% – 68%	20

(*) *Staff loans*

BUSINESS OUTLOOK

While countries around the world are busy rebuilding their post-pandemic economies, the global situation has become increasingly complex. Geopolitical tensions have intensified, with the Russian-Ukrainian war still raging and the Israeli-Palestinian conflict escalating again, spurring a surge in oil prices and rekindling the cooling inflationary crisis. High interest rates have increased the operating costs of enterprises and undermined the recovery of the property market, while tensions between China and the US and the return of trade protectionism have impacted the rebuilding of the global economy in the aftermath of the epidemic. However, the local market has taken on the positive consumer sentiment brought about by the new round of consumption vouchers and the Asian Games, and the government has introduced a number of measures to consolidate the momentum of recovery and organised activities to promote Hong Kong, which would help to stimulate the local economy. Advertisers in various industries are scrambling to seize the opportunities to increase their promotional campaigns, which has directly benefited the Group's media business and is expected to boost the Group's advertising revenue in the second half of the year. Besides, despite a slight moderation in global inflation and transportation costs in early 2023, production costs for the Group's media business are expected to remain under pressure. The management 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 while maintaining sufficient raw materials for production. The Board is reasonably optimistic that the print media business would remain stable.

on.cc has also seized the opportunities to launch a stylish advertising format. With an innovative mindset and a bold attitude to achieving a breakthroughs, on.cc will work with newspapers through digital technology to provide advertisers with a full range of online and offline cross-platform promotions, expanding the target consumer base and rendering potential advertisers greater confidence in the Group's promotions. on.cc will continue to produce and broadcast a wide range of exciting and popular programmes, including the expansion of video programmes on different themes and also sports programmes in cooperation with diversified and international sports events, aiming to achieve stronger competitiveness and increase the number of advertisers and readers. Although traditional print newspapers are constantly challenged by digital media, the media business remains the Group's most profitable segment. Oriental Daily News, as the best-selling newspaper in Hong Kong, has a large readership and an excellent and professional workforce, which is capable of keeping up with the times and withstanding any challenge by means of digitisation and complementing with online platforms.

In terms of local property investment, rental income from the commercial properties held by the Group has remained stable. However, in view of the high vacancy rate of commercial premises in the market and the government's temporary suspension of the land tenders for government commercial land for three consecutive quarters, the valuation of local commercial properties is expected to remain low. The Group will select high-yield projects for investment carefully. Meanwhile the valuation of the hotel property held by the Group in Australia has risen, as the tourism industry remains buoyant. 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 the profits and to increase our cash flow.

The money lending business continues to expand, as large-scale properties mortgages continue to be the target clientele of the Group. The overall loan amount granted has reached its peak since the commencement of the money lending business and revenue is growing steadily. The second-hand residential property transactions in Hong Kong have dropped in recent months, and transaction prices have also reached new lows; the overall trend of property prices remains unclear, as the capacity for new residential properties has weakened and the Hong Kong dollar interest rates may not have peaked. The financing market has however remained active. The management expects the Group's money lending business to expand steadily, and the Group will continue to conduct stringent approval process and implement risk-control measures, as well as to capitalise on its money lending capacity with flexible use of the loan portfolio, so as to reserve funds for cost reduction and higher returns. The Board is optimistic about the prospect of our money lending business.

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 2023, the Group employed 872 (31 March 2023: 908) 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

AUDIT COMMITTEE

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 condensed consolidated financial statements for the Reporting Period 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 Listing Rules 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 throughout 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.

SIGNIFICANT MATTER AFTER THE END OF THE REPORTING PERIOD

There were no events that had a material impact on the Group after the end of the Reporting Period and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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 interim 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 due course in accordance with the Listing Rules.

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

Hong Kong, 23 November 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. Yat-fai LAM and Ms. Ching-wah YIP.