Oriental Press Group Limited

(Incorporated in Hong Kong with limited liability)
(Stock code: 18)

Announcement of results for the year ended 31 March 2007

The Directors of Oriental Press Group Limited (the "Company") announce that the audited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 March 2007 are as follows:

Consolidated Income Statement
For the year ended 31 March 2007

	Notes	**2007**	2006
		HK$'000	HK$'000
Revenue	3	**1,798,808**	1,904,039
Other income	3	**70,562**	66,619
Raw materials and consumables used		**(701,087)**	(738,094)
Staff costs including directors' emoluments		**(712,705)**	(711,589)
Depreciation		**(77,558)**	(80,140)
Other operating expenses		**(243,061)**	(295,528)
Net surplus on revaluation of property, plant and equipment		**11,491**	9,087
Fair value adjustment on investment properties		**744**	(17,802)
Net gain on disposal of property, plant and equipment and leasehold land		**527**	7,477
Profit from operations	5	**147,721**	144,069
Finance costs	6	**(5,038)**	(5,028)
Profit before income tax		**142,683**	139,041
Income tax expense	7	**(19,261)**	(11,382)
Profit for the year		**123,422**	127,659
Attributable to :			
Equity holders of the Company		**123,068**	126,583
Minority interest		**354**	1,076
Profit for the year		**123,422**	127,659
Dividends	8		
Proposed dividends		**95,917**	59,948
Interim dividend paid		**-**	59,948
		95,917	119,896
Earnings per share for profit attributable to the equity holders of the Company during the year	9		
- Basic		**HK5.1 cents**	HK5.3 cents
- Diluted		**N/A**	N/A

Consolidated balance sheet
As at 31 March 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,138,269**	1,170,036
Leasehold land		**37,384**	38,318
Investment properties		**145,673**	142,211
Available-for-sale financial asset		**4,745**	4,745
Deferred tax assets		**31,855**	36,166
		1,357,926	1,391,476
Current assets			
Inventories	10	**110,820**	100,164
Trade receivables	11	**248,855**	279,443
Other debtors, deposits and prepayments		**11,728**	11,273
Taxation recoverable		**86,029**	40,958
Pledged bank deposit		**107,277**	102,286
Cash and cash equivalents		**1,096,502**	996,801
		1,661,211	1,530,925
Current liabilities			
Trade payables	12	**64,011**	90,309
Other creditors, accruals and deposits received		**163,771**	130,197
Taxation payable		**4,550**	2,381
Borrowings	13	**88,961**	78,619
		321,293	301,506
Net current assets		**1,339,918**	1,229,419
Total assets less current liabilities		**2,697,844**	2,620,895
Non-current liabilities			
Deferred tax liabilities		**100,595**	106,024
Net assets		**2,597,249**	2,514,871
EQUITY			
Equity attributable to Company's equity holders			
Share capital		**599,479**	599,479
Reserves		**1,899,299**	1,853,510
Proposed dividends	8	**95,917**	59,948
		2,594,695	2,512,937
Minority interest		**2,554**	1,934
Total equity		**2,597,249**	2,514,871

Consolidated statement of changes in equity
For the year ended 31 March 2007

	Equity attributable to the equity holders of the Company								
	Share capital	Share Premium (Note)	Exchange reserve (Note)	Properties revaluation reserve (Note)	Retained profits (Note)	Proposed dividends	Total	Minority interest	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2005	599,479	814,485	3,344	56,702	962,061	167,854	2,603,925	872	2,604,797
Surplus on revaluation	-	-	-	12,841	-	-	12,841	-	12,841
Deferred tax liability arising on revaluation of buildings	-	-	-	(2,247)	-	-	(2,247)	-	(2,247)
Exchange realignment	-	-	(363)	-	-	-	(363)	(14)	(377)
Net income/(expense) recognised directly in equity	-	-	(363)	10,594	-	-	10,231	(14)	10,217
Profit for the year	-	-	-	-	126,583	-	126,583	1,076	127,659
Total recognised income and expense for the year	-	-	(363)	10,594	126,583	-	136,814	1,062	137,876
2005final dividend paid	-	-	-	-	-	(167,854)	(167,854)	-	(167,854)
2006 interim dividend paid (Note 8)	-	-	-	-	(59,948)	-	(59,948)	-	(59,948)
Proposed 2006 final and special dividends (Note 8)	-	-	-	-	(59,948)	59,948	-	-	-
At 31 March 2006 and 1 April 2006	599,479	814,485	2,981	67,296	968,748	59,948	2,512,937	1,934	2,514,871
Surplus on revaluation	-	-	-	10,972	-	-	10,972	-	10,972
Transfer upon disposal of properties	-	-	-	(648)	648	-	-	-	-
Deferred tax liability arising on revaluation of buildings	-	-	-	(1,920)	-	-	(1,920)	-	(1,920)
Exchange realignment	-	-	9,586	-	-	-	9,586	266	9,852
Net income recognised directly in equity	-	-	9,586	8,404	648	-	18,638	266	18,904
Profit for the year	-	-	-	-	123,068	-	123,068	354	123,422
Total recognised income and expense for the year	-	-	9,586	8,404	123,716	-	141,706	620	142,326
2006 final and special dividends paid	-	-	-	-	-	(59,948)	(59,948)	-	(59,948)
Proposed 2007 final dividend (Note 8)	-	-	-	-	(95,917)	95,917	-	-	-
At 31 March 2007	**599,479**	**814,485**	**12,567**	**75,700**	**996,547**	**95,917**	**2,594,695**	**2,554**	**2,597,249**

Note: These reserve accounts comprise the consolidated reserves of HK$1,899,299,000 (2006: HK$1,853,510,000) in the consolidated balance sheet of the Group.

Notes to the financial statements

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. The financial statements included the applicable disclosure requirements of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties and certain financial assets.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2. ADOPTION OF NEW AND AMENDED HKFRSs

Adoption of new and amended HKFRSs effective on or after 1 April 2006

From 1 April 2006, the Group has adopted all the new and amended HKFRSs which are first effective on 1 April 2006 and relevant to the Group. The adoption of these HKFRSs has resulted in changes in the Group's accounting policies on financial guarantee contracts.

HKAS 39 and HKFRS 4 (Amendments) “Financial Instruments : Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts”

The amendments to HKAS 39 require an entity to account for certain financial guarantee contracts in accordance with that standard. To comply with the requirements of the amended HKAS 39, the Group has adopted a new accounting policy to recognise financial guarantee contracts. On initial recognition, these contracts are measured at fair value and they are subsequently stated at the higher of:

- the amount initially recognised less where appropriate, cumulative amortisation recognised in accordance with the Group's revenue recognition policies; and
- the amount of the obligation under the contract, as determined in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets".

Prior to this new accounting policy, the Group disclosed the financial guarantees issued as contingent liabilities in accordance with HKFRS 4 “Insurance Contracts” and HKAS 37. Provisions for the Group's liabilities under the financial guarantee contracts were made when it was more likely than not that the guaranteed party would default and the Group would incur outflow of resources embodying economic benefits.

This new accounting policy has been applied retrospectively to the extent that the financial guarantee contracts were in existence at 1 April 2005. The adoption of this new accounting policy had no material impact on the results and financial positions for the current or prior accounting years.

Other than the above, the adoption of these new and amended HKFRSs did not result in significant changes in the Group's accounting policies but gave rise to additional disclosures.

New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The Directors anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

HKAS 1 (Amendment)	Presentation of Financial Statements — Capital Disclosures [1]
HKAS 23 (Revised)	Borrowing Costs [2]
HKFRS 7	Financial Instruments: Disclosures [1]
HKFRS 8	Operating Segments [2]
HK(IFRIC) - Int 8	Scope of HKFRS 2 [3]
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives [4]
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment [5]
HK(IFRIC) - Int 11	Group and Treasury Share Transactions [6]
HK(IFRIC) - Int 12	Service Concession Arrangements [7]

Notes:
1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 May 2006
4 Effective for annual periods beginning on or after 1 June 2006
5 Effective for annual periods beginning on or after 1 November 2006
6 Effective for annual periods beginning on or after 1 March 2007
7 Effective for annual periods beginning on or after 1 January 2008

3. REVENUE AND TURNOVER

Revenue from the Group's principal activities, which is also the Group's turnover, represents total invoiced value of goods supplied, lease income from operating leases and income from provision of services. Revenue recognised during the year is as follows:

	2007 **HK$'000**	2006 HK$'000
Publication of newspapers	**1,757,474**	1,869,293
Rental income	**8,662**	4,573
Income from hotel operation	**22,043**	20,734
Income from canteen operation	**10,629**	9,439
	1,798,808	1,904,039

	2007 **HK$'000**	2006 HK$'000
Included in other income are :		
Interest earned on bank deposits	**50,923**	33,010
Sales of scrap materials	**10,902**	11,719
Write-back of allowance for bad and doubtful debts	**-**	12,783

4. SEGMENT INFORMATION

The Group is primarily engaged in the publication of newspapers. Over 90% of the Group's principal activities during the year are carried out in Hong Kong and over 90% of the Group's assets and customers are located in Hong Kong. Accordingly, a business and geographical analysis is not presented.

5. PROFIT FROM OPERATIONS

	2007	2006
	HK$'000	HK$'000
Profit from operations is arrived at after charging :		
Impairment of trade receivables	**833**	1,335
Amortisation of leasehold land	**934**	935
Net exchange loss	**548**	2,527
Outgoings in respect of investment properties that generated rental income during the year	**2,679**	1,611
Operating lease charges in respect of land and buildings	**2,484**	5,628

6. FINANCE COSTS

	2007	2006
	HK$'000	HK$'000
Interest charges on borrowings wholly repayable within five years :		
Bank loans	**4,788**	4,653
Other loan	**250**	375
	5,038	5,028

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 17.5% (2006: 17.5%) of the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2007	2006
	HK$'000	HK$'000
Current tax		
- Hong Kong		
Tax for the year	**19,868**	37,301
Under-provision in respect of prior years	**2,018**	1,290
	21,886	38,591
- Overseas		
Under-provision in respect of prior years	-	17
	21,886	38,608
Deferred tax	**(2,625)**	(27,226)
	19,261	11,382

8. DIVIDENDS

(a) Dividends attributable to the year

	2007	2006
	HK$'000	HK$'000
Interim dividend paid : Nil (2006 : HK2.5 cents per share)	**-**	59,948
Proposed special dividend: Nil (2006 : HK0.5 cent per share)	**-**	11,990
Proposed final dividend: HK4 cents (2006 : HK2 cents) per share	**95,917**	47,958
	95,917	119,896

The final dividend of HK4 cents (2006: HK2 cents and a special dividend of HK0.5 cent) per share has been proposed by the Directors and is subject to the approval by the shareholders in the forthcoming annual general meeting. As such, the proposed dividend has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of retained earnings for the year ended 31 March 2007.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2007 **HK$'000**	2006 HK$'000
2006 final dividend of HK2 cents and a special dividend of HK0.5 cent per share (2006 : 2005 final dividend of HK7 cents per share)	**59,948**	167,854

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$123,068,000 (2006: HK$126,583,000) and on 2,397,917,898 (2006: 2,397,917,898) ordinary shares in issue during the year.

No diluted earnings per share have been presented as there were no dilutive potential ordinary shares in issue for both years.

10. INVENTORIES

	2007 **HK$'000**	2006 HK$'000
Newsprint and printing materials	**90,371**	81,396
Spare parts and supplies	**19,649**	16,832
Others	**800**	1,936
	110,820	100,164

11. TRADE RECEIVABLES

The Group allows an average credit of 90 days to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet date:

	2007 **HK$'000**	2006 HK$'000
0 - 60 days	**127,650**	138,798
61 - 90 days	**48,288**	57,743
Over 90 days	**72,917**	82,902
	248,855	279,443

12. TRADE PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	2007 HK$'000	2006 HK$'000
0 - 60 days	**46,672**	67,769
61 - 90 days	**1,940**	7,227
Over 90 days	**15,399**	15,313
	64,011	90,309

13. BORROWINGS

	2007 HK$'000	2006 HK$'000
Bank loan	**82,519**	72,796
Other loan	**6,442**	5,823
	88,961	78,619

At 31 March 2007, the bank loan denominated in Australian dollar was secured by a pledged bank deposit of the Group amounting to HK$107,277,000 (2006: HK$102,286,000) and bore interests at variable rate of Australian dollar's LIBOR plus 0.3% (2006: Australian dollar's LIBOR plus 0.3%).

Other loan denominated in Australian dollar, which was made by a minority shareholder of a subsidiary of the Company, was unsecured, interest bearing at 4% per annum and repayable on demand.

At 31 March 2006 and 2007, the Group's bank and other loans were repayable within one year.

The carrying amounts of borrowings approximate their fair value.

RESULTS

For the year ended 31 March 2007, the Group recorded a profit of HK$263,022,000 before netting off the expenditure incurred for the newspaper promotion campaign of HK$139,600,000. The audited consolidated profit attributable to shareholders amounted to HK$123,068,000.

DIVIDENDS

The Directors recommend a final dividend of HK4 cents (2006: HK 2 cents and a special dividend of HK 0.5 cent) per share for the year ended 31 March 2007, payable to the shareholders whose names appear on the Register of Members on 15 August 2007. Since the Directors have resolved not to pay interim dividend (2006: HK2.5 cents), the dividend for the year amounts to HK4 cents (2006: HK5 cents) per share. The proposed final dividend will be payable on 20 August 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 9 August 2007 to 15 August 2007, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the proposed final dividend or to attend the Annual General Meeting of the Company to be held on 15 August 2007, all transfers accompanied with the relevant share certificates must be deposited at the Company's share registrar, Friendly Registrars Limited, whose address is 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 8 August 2007.

BUSINESS REVIEW

The year saw "Oriental Daily News" remaining as the best-selling newspaper in Hong Kong for 31 consecutive years, living up to its reputation as "The Paper for Hong Kong". "Oriental Daily News" continues to be the largest source of revenue of the Group. During the year, the circulation and readership of "Oriental Daily News" remained stable, and made satisfactory contribution to the Group's revenue.

"The Sun", the third best selling newspaper in Hong Kong, became the second best-selling newspaper on occasions during the promotion period from November 2005 through to June 2006. After the promotion campaign, "The Sun" has made significant progress both in its circulation and readership, and they have remained stable. During the year, the advertising revenue of "The Sun" recorded significant increase, and the confidence of the advertisers in the achievement of the promotion campaign of "The Sun" is the main reason for such increase. The two adjustments of retail price made in the year also translated into increased circulation revenue.

Formerly known as "orisun.com", "on.cc" is the Group's brand-new website officially launched in January 2007. Targeting the worldwide Chinese communities, the website offers "Breaking News", "World", "Video", and "Ireport" among other online products. "Breaking News" supplies our readers with round the clock professional news reporting. Our multimedia specials such as the "Cannes Film Festival" have been breaking page view records. To achieve our mission of "one network to reach all Chinese", "World", through first hand reports of our correspondents stationed in USA, Canada, Australia, Europe, Southeast Asia and other major cities, provides major regional news and news on worldwide Chinese communities. "Video Channel" is dedicated to providing entertainment and lifestyle contents. The "Oriental Entertainment Video Channel" is now available through the most extensive 3G mobile network in Hong Kong, and has become Hong Kong's most popular mobile entertainment video channel. Heralding the new genre of "Everybody a Reporter", "ireport" aims to provide the widest news coverage through in depth investigation by the Group's professional reporters on readers' reports. Since its launch, "on.cc" has received acclaims from readers and advertisers. Among our new products, "Money 18", with its live financial updates, has immediately become a top favorite of the stock investors in Greater China. With

"Oriental Daily News Web", which pageview surged 40% over the last year, "on.cc" viewingship was a record high during the year. "on.cc" is now and remains a leading online provider of news and information to the Chinese community around the world.

The revamp of "on.cc" has created a phenomenal momentum reflected in the noticeable increase in advertising revenue. Our new products have proved to be effective in attracting and serving the increasingly diversified advertisers, consolidating our leadership position. In content sales, "on.cc" continues to provide news contents and multi-media information to numerous clients, including two major mainland portals and mobile network operators in Hong Kong. Subscription to our original "Oriental Daily News ⓔ Paper" and "The Sun ⓔ Paper" remain satisfactory, contributing to the Group's overall income.

On overseas investments, the Group's hotel and shopping centre investments in Australia have proved to be a stable source of income to the Group.

BUSINESS OUTLOOK

Looking forward to the future, it is believed that the Group's operating results will continue to be affected by the persistently high prices of crude oil and newsprint, with "Oriental Daily News" and "The Sun" in the aggregate account for about 60% of the circulation and readership of Chinese newspapers in Hong Kong, the Group is well poised to take up an even bigger share of the advertising market thereby enhancing the profit of the Group. Further, when the retail price of "The Sun" reverts to its original price of HK$6, circulation revenue will improve and as promotional expenditure drops, profits of the Group will also improve. On the other hand, the stable growth on subscription on the Mainland is also favourable for widening the spectrum of our readership and in turn the attractiveness of our papers to advertisers.

As regards the "on-line business", "on.cc" will actively explore the market leading new media business. To harness the booming online advertising market, "on.cc" will continue to strengthen its contents. With the synergistic and cost-effective sources of news and information provided through the cooperation of the Group's elite news teams, "on.cc" will endeavor to develop "exclusive online contents". Through both online and mobile platforms, "on.cc" will seek to provide viewers with instantaneous, exclusive, more diversified and interactive news contents and information, including quality video programs, series of news specials and financial updates. In view of the imminent development of the integration of the three media platforms, namely mobile, internet and TV, "on.cc" is expanding its scope and capacity in the video production to develop 3G mobile TV and IPTV in Greater China and Southeast Asia to ensure speedy development of the Group's "on-line business". To consolidate a blueprint for future development, "on.cc" has made available resources for setting up of the required hardware, network facilities and manpower. The Group is confident of the development of "on.cc", and believes that "on.cc" will, through its on-line business, continue providing the Group with steady revenue. Overall, the Group is optimistic of this prospect.

Leasing of "Oriental News Building" in Kowloon Bay is satisfactory and continues to generate steady rental return to the Group. If acceptable purchase offer is made, the Group will consider dispose of this property.

In the meantime, the Group is reviewing the performance of its overseas investments. If return is satisfactory, the Group may consider disposing of some of the investments to increase profits to the Group. The Group will continue to explore for more quality investments to diversify its business and bring about better return to our shareholders.

FINANCIAL RESOURCES AND LIQUIDITY

The Group always maintains a strong liquidity. The working capital at 31 March 2007 amounted to HK$1,339,918,000 (2006: HK$1,229,419,000), which includes time deposits, bank balances and cash amounting to HK$1,096,502,000 (2006: HK$996,801,000).

At 31 March 2007, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 3.4% (2006: 3.1%). The bank loan of HK$82,519,000 is secured by a pledge of bank deposit of HK$107,277,000.

During the year, the Group's capital expenditure was approximately HK$17,511,000.

CONTINGENT LIABILITY

At 31 March 2007, the Group has no material contingent liability.

EMPLOYEES AND REMUNERATION POLICIES

At 31 March 2007, the Group employed 2,337 employees. Remuneration for employees including medical benefits is determined based on industry practice, the performance and working experience of the employees, and the current market conditions. The Group has implemented a training scheme to groom a new generation of journalists.

EXPOSURE TO FOREIGN EXCHANGE

Since the revenue of the Group is mainly denominated in Hong Kong Dollars and the production cost is denominated in US and Hong Kong Dollars, the Group is therefore not exposed to any foreign currency exchange risk provided Hong Kong's pegged exchange rate system remains unchanged.

CORPORATE GOVERNANCE

The Company has complied, throughout the financial year, with the code provision set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except that independent non-executive directors of the Company were not appointed for a specific term, but are subject to retirement by rotation in accordance with the article of the Company’s Articles of Association.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2007 with the management. The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2007 have been agreed by the Group’s auditors, Grant Thornton, to the amounts set out in the Group’s consolidated financial statements for the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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. Following specific enquiries by the Company, all Directors have confirmed that they have achieved full compliance with the required standards as laid down in the Model Code for the year ended 31 March 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNUAL REPORT

The annual report for the year ended 31 March 2007 will be dispatched to the shareholders and published on both of the websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The 2007 Annual General Meeting of the Company will be held on Wednesday, 15 August 2007 and the Notice of Annual General Meeting will be published and despatched in the manner as required by the Listing Rules in due course.

On behalf of the Board
Ching-fat MA
Chairman

Hong Kong, 29 June 2007

As at the date hereof, the Board comprises seven directors, of which three are executive directors, namely Mr. Ching-fat MA (Chairman), Mr. Ching-choi MA (Vice-Chairman) and Mr. Shun-chuen LAM (Chief Executive Officer), one non-executive director, namely Mr. Dominic LAI and three independent non-executive directors, namely Mr. Yau-nam CHAM, Mr. Ping-wing PAO and Mr. Yat-fai LAM.