



One Media Group Interim Report 2016/17

媒 体 万 华

二〇一六至一七年度中期報告

One Media Group Limited
萬華媒體集團有限公司

Stock Code 股份代號：426

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER 2016

	<i>Note</i>	(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,509	2,598
Intangible assets	7	64,931	66,268
Interests in joint ventures and associates	8	7,218	5,808
Deferred income tax assets		1,870	30
Total non-current assets		76,528	74,704
Current assets			
Inventories		5,521	6,167
Trade and other receivables	9	30,262	37,745
Amounts due from fellow subsidiaries	9	–	39
Income tax recoverable		4,888	5,260
Cash and cash equivalents		41,428	48,470
Total current assets		82,099	97,681
Total assets		158,627	172,385
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	401	401
Share premium	10	457,543	457,543
Other reserves		(326,113)	(325,760)
Retained earnings		6,796	15,589
Total equity		138,627	147,773
LIABILITIES			
Non-current liabilities			
Long service payment obligations		114	114
Total non-current liabilities		114	114
Current liabilities			
Trade and other payables	11	18,706	22,463
Short-term bank borrowings	12	–	936
Amounts due to fellow subsidiaries	11	1,130	1,099
Income tax liabilities		50	–
Total current liabilities		19,886	24,498
Total liabilities		20,000	24,612
Total equity and liabilities		158,627	172,385

The notes on pages 6 to 19 form an integral part of this interim consolidated financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016

		(Unaudited)	
		Six months ended 30th September	
		2016	2015
	Note	HK\$'000	HK\$'000
Turnover	6	50,307	68,731
Cost of goods sold	13	<u>(34,534)</u>	<u>(36,316)</u>
Gross profit		15,773	32,415
Other income	14	683	2,413
Selling and distribution expenses	13	(13,229)	(17,705)
Administrative expenses	13	<u>(15,848)</u>	<u>(18,008)</u>
Operating loss		(12,621)	(885)
Change in fair value of convertible bond	15	–	(218)
Share of profit of joint ventures and associates	8	<u>2,410</u>	<u>39</u>
Loss before income tax		(10,211)	(1,064)
Income tax credit/(expense)	16	<u>1,418</u>	<u>(769)</u>
Loss for the period		<u>(8,793)</u>	<u>(1,833)</u>
Loss attributable to:			
– Owners of the Company		(8,793)	(1,833)
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u>(8,793)</u>	<u>(1,833)</u>
Loss per share attributable to owners of the Company during the period (expressed in HK cents per share)			
– Basic and diluted	17	<u>(2.19)</u>	<u>(0.46)</u>

The notes on pages 6 to 19 form an integral part of this interim consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016

	(Unaudited)	
	Six months ended 30th September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(8,793)	(1,833)
Other comprehensive loss		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(353)</u>	<u>(778)</u>
Total comprehensive loss for the period	<u>(9,146)</u>	<u>(2,611)</u>
Total comprehensive loss for the period attributable to:		
— Owners of the Company	(9,146)	(2,611)
— Non-controlling interests	<u>—</u>	<u>—</u>
	<u>(9,146)</u>	<u>(2,611)</u>

The notes on pages 6 to 19 form an integral part of this interim consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016

	(Unaudited)						Non-controlling interests	Total equity
	Attributable to owners of the Company							
Note	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	HK\$'000	HK\$'000	
At 1st April 2015	400	456,073	(324,181)	35,203	167,495	-	167,495	
Total comprehensive loss								
Loss for the period	-	-	-	(1,833)	(1,833)	-	(1,833)	
Other comprehensive loss:								
Currency translation differences	-	-	(778)	-	(778)	-	(778)	
Total comprehensive loss for the period	-	-	(778)	(1,833)	(2,611)	-	(2,611)	
Total transactions with owners, recognised directly in equity								
Exercise of share options	1	1,470	(391)	-	1,080	-	1,080	
Dividends paid relating to year ended 31st March 2015	18	-	-	(4,009)	(4,009)	-	(4,009)	
Total transactions with owners, recognised directly in equity	1	1,470	(391)	(4,009)	(2,929)	-	(2,929)	
At 30th September 2015	401	457,543	(325,350)	29,361	161,955	-	161,955	
At 1st April 2016								
Total comprehensive loss	401	457,543	(325,760)	15,589	147,773	-	147,773	
Loss for the period	-	-	-	(8,793)	(8,793)	-	(8,793)	
Other comprehensive loss:								
Currency translation differences	-	-	(353)	-	(353)	-	(353)	
Total comprehensive loss for the period	-	-	(353)	(8,793)	(9,146)	-	(9,146)	
At 30th September 2016	401	457,543	(326,113)	6,796	138,627	-	138,627	

The notes on pages 6 to 19 form an integral part of this interim consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016

		(Unaudited)	
		Six months ended 30th September	
		2016	2015
	Note	HK\$'000	HK\$'000
Cash flows from operating activities			
Cash used in operations		(6,151)	(4,069)
Interest paid		-	(379)
		<u> </u>	<u> </u>
Net cash used in operating activities		<u>(6,151)</u>	<u>(4,448)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(783)	(127)
Purchase of intangible assets		(24)	(10)
Proceeds from disposal of property, plant and equipment		-	8
Interest received	14	101	597
Dividends received		1,000	500
		<u> </u>	<u> </u>
Net cash generated from investing activities		<u>294</u>	<u>968</u>
Cash flows from financing activities			
Dividends paid to equity holders	18	-	(4,009)
Redemption of convertible bond		-	(75,600)
Proceeds from exercise of share options	10	-	1,080
Repayment of short-term bank borrowings		(936)	-
		<u> </u>	<u> </u>
Net cash used in financing activities		<u>(936)</u>	<u>(78,529)</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		48,470	130,099
Currency translation (loss)/gain		(249)	94
		<u> </u>	<u> </u>
Cash and cash equivalents and short term bank deposits at the end of the period		<u>41,428</u>	<u>48,184</u>

The notes on pages 6 to 19 form an integral part of this interim consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

One Media Group Limited (the “Company”) was incorporated in the Cayman Islands on 11th March 2005 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business.

This unaudited condensed consolidated interim financial information (“Financial Information”) is presented in Hong Kong dollars, unless otherwise stated, and have been approved for issue by the Board of Directors on 30th November 2016.

2 BASIS OF PREPARATION

This Financial Information for the six months ended 30th September 2016 is unaudited and has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

This Financial Information should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31st March 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and the accompanying explanatory notes attached to this Financial Information.

3 ACCOUNTING POLICIES

The preparation of this Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2016, as described in those annual financial statements.

There are no amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but are not yet effective for the accounting period beginning 1st April 2016. The Group is in the process of making an assessment of the impact of those new or revised standards and amendments to standards on the Group’s results and financial position in the period of initial application.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Financial Information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk.

The Financial Information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st March 2016.

There have been no changes in the risk management policies since 31st March 2016.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash flows for financial liabilities.

6 SEGMENT INFORMATION

IFRS 8 "Operating segments" requires operating segments to be identified based on internal reporting that is regularly reviewed by the chief operating decision maker. The Group regards the Executive Committee as the chief operating decision maker being responsible for allocating resources to segments and assessing their performance.

The Executive Committee considers the business from geographic perspective. Geographically, management considers the performance of the media business in "Hong Kong and Taiwan" and "Mainland China".

The Executive Committee assesses the performance of the operating segments based on a measure of operating profit/loss before tax but excluding corporate expenses. Other information provided is measured in a manner consistent with that in the internal financial reports.

The Group mainly operates its business in Hong Kong, Taiwan and Mainland China. The breakdown of total revenue from external customers from these areas and the Group's turnover and results provided to the Executive Committee for the reporting segments for the period ended 30th September 2016 and 2015 are as follows:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

6 SEGMENT INFORMATION (Continued)

	(Unaudited)					
	Six months ended 30th September					
	Media business					
	Hong Kong and Taiwan		Mainland China		Total	
	2016	2015	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<u>44,717</u>	<u>60,296</u>	<u>5,590</u>	<u>8,435</u>	<u>50,307</u>	<u>68,731</u>
Segment (loss)/profit before income tax	<u>(8,867)</u>	<u>6,087</u>	<u>(590)</u>	<u>(2,316)</u>	<u>(9,457)</u>	<u>3,771</u>
Unallocated expenses					<u>(3,164)</u>	<u>(4,656)</u>
Operating loss					<u>(12,621)</u>	<u>(885)</u>
Change in fair value of convertible bond (Note 15)					—	<u>(218)</u>
Share of profit of joint ventures ("JVs") and associates (Note 8)					<u>2,410</u>	<u>39</u>
Loss before income tax					<u>(10,211)</u>	<u>(1,064)</u>
Income tax credit/(expense)	<u>1,418</u>	<u>(763)</u>	<u>—</u>	<u>(6)</u>	<u>1,418</u>	<u>(769)</u>
Loss for the period					<u>(8,793)</u>	<u>(1,833)</u>
Other information:						
Interest income	<u>57</u>	<u>468</u>	<u>44</u>	<u>129</u>	<u>101</u>	<u>597</u>
Depreciation of property, plant and equipment	<u>739</u>	<u>814</u>	<u>119</u>	<u>186</u>	<u>858</u>	<u>1,000</u>
Amortisation of intangible assets	<u>1,361</u>	<u>1,368</u>	<u>—</u>	<u>—</u>	<u>1,361</u>	<u>1,368</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

6 SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 30th September 2016 are as follows:

	(Unaudited)					Group HK\$'000
	By segments			Sub-total HK\$'000	Unallocated HK\$'000	
	Hong Kong and Taiwan HK\$'000	Mainland China HK\$'000	Eliminations HK\$'000			
Total assets	304,691	19,847	(172,669)	151,869	6,758	158,627
Total assets include:						
– Interests in JVs and associates	7,218	–	–	7,218	–	7,218
– Additions to non-current assets (other than deferred income tax assets and interests in JVs and associates)	799	8	–	807	–	807
Total liabilities	<u>(15,634)</u>	<u>(176,985)</u>	<u>172,669</u>	<u>(19,950)</u>	<u>(50)</u>	<u>(20,000)</u>

The segment assets and liabilities as at 31st March 2016 are as follows:

	(Audited)					Group HK\$'000
	By segments			Sub-total HK\$'000	Unallocated HK\$'000	
	Hong Kong and Taiwan HK\$'000	Mainland China HK\$'000	Eliminations HK\$'000			
Total assets	317,525	21,196	(171,596)	167,125	5,260	172,385
Total assets include:						
– Interests in JVs and associates	5,808	–	–	5,808	–	5,808
– Additions to non-current assets (other than deferred income tax assets and interests in JVs and associates)	675	252	–	927	–	927
Total liabilities	<u>(18,396)</u>	<u>(177,812)</u>	<u>171,596</u>	<u>(24,612)</u>	<u>–</u>	<u>(24,612)</u>

Segment assets consist primarily of property, plant and equipment, intangible assets, interests in JVs and associates, inventories, trade and other receivables and operating cash. They exclude deferred income tax assets and income tax recoverable.

Segment liabilities comprise operating liabilities. They exclude deferred income tax liabilities and current income tax liabilities.

The eliminations between the reportable segments are intercompany receivables and payables between the operating segments.

The total of non-current assets located in Hong Kong and Taiwan is HK\$74,393,000 (31st March 2016: HK\$74,289,000) and the total of non-current assets located in Mainland China is HK\$265,000 (31st March 2016: HK\$385,000).

No revenue derived from a single customer is 10% or more of the combined revenue of all operating segments (2015: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

7 INTANGIBLE ASSETS

	Group			
	Computer software <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Trademarks <i>HK\$'000</i>	Total <i>HK\$'000</i>
Period ended 30th September 2015				
Opening net book amount	526	–	68,460	68,986
Additions	10	–	–	10
Amortisation expenses	(108)	–	(1,260)	(1,368)
Closing net book amount	<u>428</u>	<u>–</u>	<u>67,200</u>	<u>67,628</u>
At 30th September 2015				
Cost	1,290	2,725	75,600	79,615
Accumulated amortisation	(862)	–	(8,400)	(9,262)
Accumulated impairment	–	(2,725)	–	(2,725)
Net book amount	<u>428</u>	<u>–</u>	<u>67,200</u>	<u>67,628</u>
Period ended 30th September 2016				
Opening net book amount	328	–	65,940	66,268
Additions	24	–	–	24
Amortisation expenses	(101)	–	(1,260)	(1,361)
Closing net book amount	<u>251</u>	<u>–</u>	<u>64,680</u>	<u>64,931</u>
At 30th September 2016				
Cost	1,318	2,725	75,600	79,643
Accumulated amortisation	(1,067)	–	(10,920)	(11,987)
Accumulated impairment	–	(2,725)	–	(2,725)
Net book amount	<u>251</u>	<u>–</u>	<u>64,680</u>	<u>64,931</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

8 INTERESTS IN JOINT VENTURES AND ASSOCIATES

Movement in the interests in joint ventures and associates are as follows:

	(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
At the beginning of the period/year	5,808	6,172
Share of profit of JVs and associates	2,410	636
Others	(1,000)	(1,000)
Interests in JVs and associates, net	7,218	5,808

(a) Interests in associates

Set out below are the associates of the Group as at 30th September 2016.

Name of associates	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		2016	2015		
ByRead Inc. ("ByRead")	The Cayman Islands	24.97%	24.97%	Note (i)	Equity
Blackpaper Limited ("Blackpaper")	Hong Kong	10%	10%	Note (ii)	Equity

- (i) ByRead is an investment holding company and the principal activities of its subsidiaries include the provision of mobile value-added services such as entertainment and online reading for individuals and enterprises in Mainland China.

ByRead is a private company with no quoted market prices available for its shares. There is no commitment and contingent liability relating to the Group's interest in the associate.

- (ii) Blackpaper is engaged in providing creative multimedia services and advertising campaigns.

Blackpaper is a private company with no quoted market prices available for its shares. There is no commitment and contingent liability relating to the Group's interest in the associate.

(b) Interests in JVs

Set out below are the JVs of the Group as at 30th September 2016.

Name of JVs	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		2016	2015		
Chu Kong Culture Media Company Limited ("Chu Kong")	British Virgin Islands	40%	40%	Note (i)	Equity
Connect Media Company Limited ("Connect Media")	Hong Kong	40%	40%	Note (i)	Equity

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION*(Continued)***8 INTERESTS IN JOINT VENTURES AND ASSOCIATES** *(Continued)***(b) Interests in JVs** *(Continued)*

- (i) Chu Kong is an investment holding company and the principal activities of its wholly-owned subsidiary, Connect Media, include video programs, posters, seat covers, hull advertising, light box advertisement and e-commerce at the transportation vehicles and also their terminals.

During the period ended 30th September 2016, Connect Media signed a subcontracting agreement with a fellow subsidiary of the other joint venturer (the "Subcontractor") to manage the daily operations of Connect Media for three years. For each year, all losses incurred by Connect Media will be borne by the Subcontractor, while the Subcontractor will be entitled to a certain amount of profit generated by Connect Media as service fee. Any profit exceeding that amount will be shared equally between Connect Media and the Subcontractor.

Chu Kong and Connect Media are private companies with no quoted market prices available for their shares.

There are no commitments and contingent liabilities relating to the Group's interests in the JVs.

9 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
Trade receivables	26,168	33,902
Allowance for impairment of trade receivables	(542)	(938)
	<hr/>	<hr/>
Trade receivables — net	25,626	32,964
Other receivables — net	4,636	4,781
	<hr/>	<hr/>
	30,262	37,745
Amounts due from fellow subsidiaries	—	39
	<hr/>	<hr/>
	30,262	37,784
	<hr/> <hr/>	<hr/> <hr/>

As at 30th September 2016 and 31st March 2016, the fair values of trade and other receivables and amounts due from fellow subsidiaries approximated their carrying amounts.

The Group allows in general a credit period ranging from 30 to 120 days to its trade customers. As at 30th September 2016 and 31st March 2016, the ageing analysis of the Group's trade receivables by invoice date, net of provision for impairment, is as follows:

	(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
0 to 60 days	14,276	16,722
61 to 120 days	8,089	8,439
121 to 180 days	1,244	5,534
Over 180 days	2,017	2,269
	<hr/>	<hr/>
	25,626	32,964
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

9 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

(Continued)

Other receivables comprised the following:

	(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
Prepayment	1,682	1,480
Rental and utilities deposit	507	510
Amount due from an associate	65	50
Amount due from a JV	–	240
Others	2,382	2,501
	<u>4,636</u>	<u>4,781</u>

There is no concentration of credit risk with respect to trade receivables as the Group has a large customer base.

10 SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares (in thousands)	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1st April 2015	400,000	400	456,073	456,473
Proceeds from share issued under the share option scheme	900	1	1,079	1,080
Transfer from share based payment reserve to share premium	–	–	391	391
	<u>400,900</u>	<u>401</u>	<u>457,543</u>	<u>457,944</u>
At 30th September 2015, 31st March 2016 and 30th September 2016	400,900	401	457,543	457,944

During the period ended 30th September 2015, 900,000 shares of HK\$0.001 each were issued at HK\$1.20 per share as a result of the exercise of the options under the Company's Pre-IPO share option scheme which was approved and adopted on 26th September 2005. The weighted average closing price of the Company's shares at the time of exercise was HK\$1.57 per share.

11 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
Trade payables	1,561	2,628
Other payables	15,402	17,999
Receipt in advance	1,187	1,167
Deferred income and tax provision	556	669
	<u>18,706</u>	<u>22,463</u>
Amounts due to fellow subsidiaries	1,130	1,099
	<u>19,836</u>	<u>23,562</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

11 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES (Continued)

As at 30th September 2016 and 31st March 2016, the ageing analysis of the trade payables by invoice date is as follows:

	(Unaudited) 30th September 2016 <i>HK\$'000</i>	(Audited) 31st March 2016 <i>HK\$'000</i>
0 to 60 days	1,520	2,333
61 to 120 days	10	246
121 to 180 days	20	27
Over 180 days	11	22
	<u>1,561</u>	<u>2,628</u>

As at 30th September 2016 and 31st March 2016, the fair values of trade and other payables and amounts due to fellow subsidiaries approximated their carrying amounts.

Other payables, receipt in advance and deferred income and tax provision comprised the following:

	(Unaudited) 30th September 2016 <i>HK\$'000</i>	(Audited) 31st March 2016 <i>HK\$'000</i>
Amounts due to third parties	<u>17,145</u>	<u>19,835</u>

12 SHORT-TERM BANK BORROWINGS

	(Unaudited) 30th September 2016 <i>HK\$'000</i>	(Audited) 31st March 2016 <i>HK\$'000</i>
Short-term bank borrowings (Note)	<u>-</u>	<u>936</u>

Movements on the short-term bank borrowings are as follows:

	(Unaudited) 30th September 2016 <i>HK\$'000</i>	(Unaudited) 30th September 2015 <i>HK\$'000</i>
Six months ended 30th September	-	-
Opening amount at 1st April	936	-
Repayments of borrowings	<u>(936)</u>	<u>-</u>
Closing amount as at 30th September	<u>-</u>	<u>-</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

12 SHORT-TERM BANK BORROWINGS (Continued)

Note: At 30th September 2016, the Group had no bank borrowings. The carrying amount of the bank borrowings approximated its fair value. The effective interest rate of the bank borrowings was zero (31st March 2016: 2.38%) per annum. The Group has undrawn bank facilities with floating rate which expiring within one year amounting approximately HK\$10,000,000 (31st March 2016: HK\$9,064,000).

13 EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and distribution expenses and administrative expenses are analysed as follows:

	(Unaudited)	
	Six months ended 30th September	
	2016	2015
	HK\$'000	HK\$'000
Paper consumed	5,193	5,898
Depreciation of property, plant and equipment	858	1,000
Amortisation of intangible assets (Note 7)	1,361	1,368
Employee benefit expense (including directors' emoluments)	31,332	30,618
Occupancy costs	2,199	2,905
Loss on disposal of property, plant and equipment	2	23
	<u>2</u>	<u>23</u>

14 OTHER INCOME

	(Unaudited)	
	Six months ended 30th September	
	2016	2015
	HK\$'000	HK\$'000
Bank interest income	101	597
License fee income	–	120
Other media business income	582	1,696
	<u>683</u>	<u>2,413</u>

15 CHANGE IN FAIR VALUE OF CONVERTIBLE BOND

	(Unaudited)	
	Six months ended 30th September	
	2016	2015
	HK\$'000	HK\$'000
Financial liability at fair value through profit or loss		
— Change in fair value of convertible bond	–	218
	<u>–</u>	<u>218</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

16 INCOME TAX CREDIT/(EXPENSE)

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the period.

No provision for the People's Republic of China ("PRC") current enterprise income tax has been made as subsidiaries in the PRC were loss making except for one PRC subsidiary has unutilised tax losses to offset the assessable profits generated in the PRC during the six months ended 30th September 2016 and 2015.

	(Unaudited)	
	Six months ended 30th September	
	2016	2015
	HK\$'000	HK\$'000
Current income tax		
— Hong Kong profits tax	(422)	(890)
Deferred income tax credit	1,840	121
	<u>1,418</u>	<u>(769)</u>

17 LOSS PER SHARE

Basic loss per share is calculated by dividing the Group's loss attributable to owners of the Company by the weighted number of ordinary shares in issue during the period.

	(Unaudited)	
	Six months ended 30th September	
	2016	2015
	HK\$'000	HK\$'000
Loss attributable to owners of the Company	(8,793)	(1,833)
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	400,900	400,471
Basic loss per share (<i>HK cents per share</i>)	<u>(2.19)</u>	<u>(0.46)</u>
Diluted loss per share (<i>HK cents per share</i>)	<u>(2.19)</u>	<u>(0.46)</u>

The diluted loss per share is the same as the basic loss per share as there was no dilutive effect arising from the assumed conversion of the convertible bond and share options granted by the Company.

18 DIVIDENDS

The Directors do not declare the payment of interim dividend for the six months ended 30th September 2016 (Six months ended 30th September 2015: HK nil cent).

Dividends paid during the period:

	(Unaudited)	
	Six months ended 30th September	
	2016	2015
	HK\$'000	HK\$'000
Relating to the year ended 31st March 2016		
Final dividend of HK nil cent (2015: HK1 cent) per ordinary share	—	4,009

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

19 RELATED PARTY TRANSACTIONS

The ultimate parent of the Company is Media Chinese International Limited (“Media Chinese”), a company incorporated in Bermuda.

The following transactions were carried out with related parties:

- (i) During the period ended 30th September 2016 and 30th September 2015, the Group entered into the following transactions with fellow subsidiaries, a JV and an associate:

	<i>Note</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
Circulation support services charges	<i>a</i>	402	501
Library services charges	<i>b</i>	87	68
Administrative support and IS programming support services charges	<i>c</i>	3,200	4,158
Charges for leasing and licensing of office space, storage space and parking spaces	<i>d</i>	1,268	1,271
Ticketing and accommodation expenses	<i>e</i>	206	436
Barter advertising expenses	<i>f</i>	327	734
Barter advertising income	<i>g</i>	(439)	(468)
Type-setting, colour separation and film making expenses	<i>h</i>	44	63
Promotion expenses	<i>i</i>	10	10
Pension costs — defined contribution plans	<i>j</i>	1,061	1,013
Sundry income	<i>k</i>	(495)	(344)
Dividend income	<i>l</i>	(1,000)	(500)
Convertible bond interest	<i>m</i>	–	128
Content providing income	<i>n</i>	–	(480)

Notes:

- (a) This represents recharge of circulation support services relating to the distribution, sale and promotion of the publications of the Group by a fellow subsidiary. It is charged on a reimbursement basis.
- (b) This represents recharge by a fellow subsidiary relating to provision of library services including data classification, data indexing and filing, data storage management and retrieval, data provision and newspaper clipping. It is charged on a cost reimbursement basis.
- (c) This represents recharge of administrative, human resources, corporate communications, legal services, information system support services and depreciation on certain computers and office equipment leased from fellow subsidiaries. It is charged on a cost reimbursement basis.
- (d) This represents charges paid to a fellow subsidiary for the leasing and licensing of office space, storage space and parking spaces. The rentals and licence fees are charged at a pre-determined rate calculated by reference to the prevailing market rates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

19 RELATED PARTY TRANSACTIONS (Continued)

- (i) During the period ended 30th September 2016 and 30th September 2015, the Group entered into the following transactions with fellow subsidiaries, a JV and an associate (Continued):

Notes: (Continued)

- (e) This represents ticketing and accommodation expenses paid to a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
- (f) This represents advertising expenses on a barter basis in accordance with barter advertising agreement entered into with Media Chinese. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
- (g) This represents advertising income on a barter basis in accordance with barter advertising agreement entered into with Media Chinese. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
- (h) This represents type-setting, colour separation and film making expenses charged by a fellow subsidiary. It is charged at a pre-determined rate calculated based on the costs incurred.
- (i) This represents promotion expenses paid to a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
- (j) This represents defined contribution cost made to a fellow subsidiary for the Group's pension obligation. There is no stated policy or contractual agreement between the Group and the Media Chinese Group. It is charged based on a pre-determined rate of the employees' salaries.
- (k) This represents accounting services income and administrative services income in accordance with agreements entered into with an associate of the Company and related companies of the controlling party of Media Chinese. It is charged at a pre-determined rate calculated by references to the prevailing market rates and a cost reimbursement basis respectively.
- (l) This represents dividend income received from an associate. It is calculated according to the equity interest held by the Group in the associate.
- (m) This represented convertible bond interest at the rate of 1% per annum, calculated daily on the basis of 365 days per year and payable half-yearly in arrears to a fellow subsidiary.
- (n) This represented content providing income received from a JV in accordance with the agreement entered into with it at arm's length basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

19 RELATED PARTY TRANSACTIONS (Continued)

- (ii) The balances at 30th September 2016 and 31st March 2016 arising from the related party transactions as disclosed in Note 19(i) above are as follows:

	(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
Amounts due from fellow subsidiaries (Note 9)	–	39
Amounts due to fellow subsidiaries (Note 11)	(1,130)	(1,099)
Amount due from a JV (Note 9)	–	240
Amount due from an associate (Note 9)	65	50

The outstanding balances with fellow subsidiaries are aged within 180 days from the invoice date and are unsecured, non-interest bearing and with normal credit terms from 30 days to 180 days.

- (iii) Key management compensation

	(Unaudited) Six months ended 30th September 2016 HK\$'000	2015 HK\$'000
Salaries and other short-term employee benefits	1,922	2,074
Contributions to pension scheme	18	20
	1,940	2,094

20 CONTINGENT LIABILITIES

As at 30th September 2016, the Group did not have any material contingent liabilities or guarantees (31st March 2016: Nil).

21 POSSIBLE DISPOSAL

Reference is made to the joint announcement dated 1st August 2016 (the “First Joint Announcement”) and the joint announcement dated 28th November 2016 (the “Subsequent Joint Announcement”), jointly issued by Qingdao West Coast Holdings (Internation) Limited (“Qingdao West Coast”) and the Company. As stated in the First Joint Announcement, the Directors were informed by the Company’s controlling shareholder, Comwell Investment Limited (“Comwell”), that on 22nd July 2016, Comwell (as vendor) and Qingdao West Coast (as purchaser) entered into the share transfer agreement, pursuant to which Comwell conditionally agreed to sell and Qingdao West Coast conditionally agreed to purchase 292,700,000 shares in the Company, representing approximately 73.01% of the entire issued share capital of the Company. Qingdao West Coast is a company incorporated in the British Virgin Islands with limited liability, whose ultimate controlling shareholder is Qingdao West Coast Development (Group) Limited, a PRC State-owned Enterprise wholly-owned by the State-owned Asset Supervision and Administration Commission of Qingdao.

As stated in the Subsequent Joint Announcement, the Directors were informed by Comwell that on 28th November 2016, Comwell and Qingdao West Coast entered into a supplemental agreement which extended the long stop date of the share transfer agreement to 31st January 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Summary

During the first half of the current financial period, the retail and advertising markets in Hong Kong suffered from a prolonged economic slowdown. According to the monthly retail sales report conducted by Hong Kong Census and Statistics Department, the total retail sales in the first nine months of 2016 decreased by 9.6% in value and 8.3% in volume compared with the same period of 2015. The total sales of luxury products including jewellery, watches and clocks, and valuable gifts declined 21.5% for the first nine months of 2016 compared with the same period of 2015.

The weak performance of retail market, especially the luxury and branded label products, resulted in the decrease of advertising expenditure, which adversely impacted on the Group's overall financial performance during the period under review. This was exacerbated by the shift of advertising expenditure from traditional media to new media. For the six months ended 30th September 2016, turnover of the Group decreased 27% or HK\$18,424,000 to HK\$50,307,000 from HK\$68,731,000 during the corresponding period in 2015. The Group recorded a loss attributable to owners of the Company of HK\$8,793,000 as compared to the loss of HK\$1,833,000 reported in 2015.

Review of Operations

Hong Kong

Turnover for Hong Kong operation, which accounted for 89% of the Group's turnover for the period, reported a decline of 26% or HK\$15,579,000, to HK\$44,717,000 from HK\$60,296,000. Due to the decline in the turnover, the segment recorded a loss of HK\$8,867,000 when compared with a segment profit of HK\$6,087,000 in the previous financial period.

"*Ming Pao Weekly 明周*" ("MP Weekly"), the Group's main turnover contributing business for the Hong Kong segment, was adversely impacted by the weak retail market condition, resulting in advertisers tightening their advertising and promotion spending. The complimentary monthly title published with MP Weekly, "*Ming's*" ("Ming's"), which provides latest trends and styles on fashion, beauty and lifestyle on monthly basis, has made an additional contribution in MP Weekly's overall advertising income during the period.

MP Weekly has been recognised by media associations for its journalistic excellence. During the financial period under review, it has won the Award for Excellence in the Excellence of Lifestyle Coverage category and Honourable Mention in the Excellence of Feature Writing category in The SOPA 2016 Awards for Editorial Excellence organised by The Society of Publishers in Asia.

"*TopGear 極速誌*" ("TopGear Hong Kong") is a leading automobile magazine with international editorial backing, while "*MING Watch 明錶*" ("Ming Watch Hong Kong") is a popular high-end watch title offering quality feature stories and the latest industry trends. Both magazines deliver high standard contents through print and digital platforms to provide readers with multi-media exposure. During the financial period under review, TopGear Hong Kong and Ming Watch Hong Kong reported declines in performance due to the sluggish retail and advertising markets. Besides, TopGear Hong Kong continued to provide contract publishing services to certain premium brands and contributed additional revenue to the Group during the period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Review of Operations (Continued)

Mainland China

For the first half of the current financial year, turnover of the Group's Mainland China operation amounted to HK\$5,590,000, reflecting a decrease of 34% from HK\$8,435,000 in the corresponding period last year. The drop is also mainly due to the stagnant retail market, especially the luxury and branded label products. The segment loss, however, narrowed to HK\$590,000 from HK\$2,316,000 recorded in 2015, mainly attributed to the Group's rigid cost containment strategies and savings in operating expenses during the period.

"TopGear 汽車測試報告" ("TopGear China") continues to attract Mainland Chinese readers with the latest infotainment and automobile news as well as trends. "MING Watch 明表" ("Ming Watch China"), a quarterly magazine, introduces the latest high-end watch market trends and delivers quality feature stories to Mainland China readers. In the first half of 2016/17, the performance of TopGear China and Ming Watch China have been affected by the slow retail market in China.

Taiwan

The Group expanded its business to Taiwan through launching "TopGear 極速誌" ("TopGear Taiwan"), a monthly automobile magazine, in November 2015. TopGear Taiwan has been well accepted by local readers during the period under review, which allows the Group to build up a media platform across Greater China. At the moment, this is still under the investment stage.

Other Media Investments

Connect Media Company Limited, the Group's joint venture, continued to focus on multimedia channel of advertising business in passenger transportation in the Pearl River Delta region.

Blackpaper Limited is principally engaged in the publication of "BlackPaper" and "100 Most". It also publishes books and provides creative multimedia services mainly through its digital product, namely "TV Most".

ST Productions Limited, in which the Group holds 70% equity interest, has been set up for the business of artiste and events management to open up new revenue stream for the Group.

Possible Disposal

Reference is made to the joint announcement dated 1st August 2016 (the "First Joint Announcement") and the joint announcement dated 28th November 2016 (the "Subsequent Joint Announcement"), jointly issued by Qingdao West Coast Holdings (Internation) Limited ("Qingdao West Coast") and the Company. As stated in the First Joint Announcement, the Directors were informed by the Company's controlling shareholder, Comwell Investment Limited ("Comwell"), that on 22nd July 2016, Comwell (as vendor) and Qingdao West Coast (as purchaser) entered into the share transfer agreement, pursuant to which Comwell conditionally agreed to sell and Qingdao West Coast conditionally agreed to purchase 292,700,000 shares in the Company, representing approximately 73.01% of the entire issued share capital of the Company. Qingdao West Coast is a company incorporated in the British Virgin Islands with limited liability, whose ultimate controlling shareholder is Qingdao West Coast Development (Group) Limited, a PRC State-owned Enterprise wholly-owned by the State-owned Asset Supervision and Administration Commission of Qingdao. For details, please refer to the First Joint Announcement.

As stated in the Subsequent Joint Announcement, the Directors were informed by Comwell that on 28th November 2016, Comwell and Qingdao West Coast entered into a supplemental agreement which extended the long stop date of the share transfer agreement to 31st January 2017. For details, please refer to the Subsequent Joint Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Outlook

The traditional print media industry has been adversely affected by the weakening retail market in both Hong Kong and Mainland China. Adding to this, fierce competition is expected to continue within the entire media industry, especially the area of new media. Nevertheless, the Group will stay cautious and maintain tight cost control to enhance productivity and profitability. The Group will continue to reallocate resources to further develop the fast growing new media business to cover the decline in traditional business, while at the same time, explore new business opportunities to diversify its revenue stream.

CAPITAL EXPENDITURE

The Group's total capital expenditure for property, plant and equipment and intangible assets for the six months ended 30th September 2016 amounted to HK\$807,000.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's revenues and costs are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. Since Hong Kong dollars remain pegged to United States dollars, the Group does not foresee substantial risks from exposure to United States dollars. For subsidiaries in the PRC, most of the sales and purchases are denominated in Renminbi and the exposure to foreign exchange risk is expected to be minimal.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30th September 2016, the interests and short positions of the directors, chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified or as required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules are as follows:

(a) Interests in the shares in the Company

Name of Director	Number of shares held	Nature of interests	Percentage of issued ordinary shares
Tan Sri Datuk Sir TIONG Hiew King	292,700,000 <i>(Note 1)</i>	Corporate interests	73.01%
Mr. LAM Pak Cheong	3,000,000 <i>(Note 2)</i>	Corporate interests	0.75%

All the interests stated above represent long positions in the share of the Company.

Notes:

- For further details on the corporate interests of Tan Sri Datuk Sir TIONG Hiew King, please refer to the paragraph "Substantial Shareholders and Persons who have an Interest and Short Positions Discloseable under Divisions 2 and 3 of Part XV of the SFO" on page 24.
- The corporate interests of Mr. LAM Pak Cheong of 3,000,000 shares are held by Venture Logic Investments Limited, in which Mr. LAM holds 100% of its equity interests.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

(b) Interests in the shares in the Media Chinese

Name of Director	Number of shares held				Percentage of issued ordinary shares in Media Chinese
	Personal interests	Family interests	Corporate interests	Aggregate interests	
Tan Sri Datuk Sir TIONG Hiew King	87,109,058	234,566	796,734,373	884,077,997	52.40%
Mr. TIONG Kiew Chiong	2,141,039	–	–	2,141,039	0.13%

All the interests stated above represent long positions in the share of Media Chinese.

Note:

The corporate interests of Tan Sri Datuk Sir TIONG Hiew King of 796,734,373 shares are held through Progresif Growth Sdn Bhd ("Progresif"), Conch Company Limited ("Conch"), Ezywood Options Sdn Bhd ("Ezywood"), Teck Sing Lik Enterprise Sdn Bhd ("TSL"), Madigreen Sdn Bhd ("Madigreen"), Rimbunan Hijau (Sarawak) Sdn Bhd ("RHS"), Rimbunan Hijau Southeast Asia Sdn Bhd ("RHSA") and Pertumbuhan Abadi Asia Sdn Bhd ("PAA").

Tan Sri Datuk Sir TIONG Hiew King directly holds 84% interest in TSL and 99.99% interest in PAA. In addition, PAA directly holds 47.62% interest in both RHS and RHSA, and 45% in Madigreen. Tan Sri Datuk Sir TIONG Hiew King also directly and indirectly holds 45% interest in Progresif and 70% interest in Ezywood. In respect of Conch, 40% of the interest in Conch is held by Seaview Global Company Limited, in which Tan Sri Datuk Sir TIONG Hiew King holds 50% of its equity interest. In addition, he directly holds 25% of the interest in Conch.

Save as disclosed above, as at 30th September 2016, none of the Directors, chief executives and their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified or as required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the six months ended 30th September 2016 were rights to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company granted to any directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS AND PERSONS WHO HAVE AN INTEREST AND SHORT POSITIONS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

According to the register of interests in shares and short positions maintained under Section 336 of the SFO as at 30th September 2016, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Name of shareholder	Number of shares held	Capacity	Percentage of issued ordinary shares
Comwell Investment Limited (<i>Note</i>)	292,700,000	Beneficial owner	73.01%

All the interests stated above represent long positions in the shares of the Company.

Note:

Comwell Investment Limited ("Comwell") is an indirect wholly-owned subsidiary of Media Chinese. Tan Sri Datuk Sir TIONG Hiew King, a director and substantial shareholder of Media Chinese, is deemed interested in Media Chinese in an aggregate of 52.40% by virtue of his personal interests, family interests and corporate interests. Dato' Sri Dr. TIONG Ik King, a director and substantial shareholder of Media Chinese, is deemed interested in Media Chinese in an aggregate of 15.63% by virtue of his personal interests and corporate interests.

Reference is made to the joint announcement dated 1st August 2016, jointly issued by Qingdao West Coast Holdings (Internation) Limited ("Qingdao West Coast") and the Company (the "Joint Announcement"). As stated in the Joint Announcement, the Board of Directors was informed by Comwell that on 22nd July 2016, Comwell (as vendor) and Qingdao West Coast (as purchaser) entered into the share transfer agreement, pursuant to which Comwell conditionally agreed to sell and Qingdao West Coast conditionally agreed to purchase 292,700,000 shares in the Company, representing approximately 73.01% of the entire issued share capital of the Company. Qingdao West Coast is a company incorporated in the British Virgin Islands with limited liability, whose ultimate controlling shareholder is Qingdao West Coast Development (Group) Limited, a PRC State-owned Enterprise wholly-owned by the State-owned Asset Supervision and Administration Commission of Qingdao. For details, please refer to the Joint Announcement. As at 30th September 2016, the completion of the share transfer agreement had yet to take place.

Save as disclosed above, the Company had not been notified of any other interests representing 5% or more of the issued share capital of the Company as shown in the said register as at 30th September 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its share during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

EMPLOYEES

As at 30th September 2016, the Group has 199 employees (31st March 2016: 203 employees), of which 166 were stationed in Hong Kong and Taiwan and 33 were stationed in the Mainland China, respectively. The Group remunerates its employees based on the operating results, individual performance and comparable market statistics. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee regularly.

In Hong Kong, the Group participates in the hybrid retirement benefit scheme operated by the Company's fellow subsidiary and the Mandatory Provident Fund scheme for its employees. In Mainland China, the Group provides to its employees social security plans in relation to retirement, medical care and unemployment and has made the required contributions to the local social insurance authorities in accordance with relevant laws and regulations in Mainland China.

CORPORATE GOVERNANCE

For the six months ended 30th September 2016, the Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules and complied with the CG Code throughout the period, except for the deviation from code provision E.1.2 of the CG Code.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Due to other commitment, Tan Sri Datuk Sir TIONG Hiew King, the Chairman of the Board of Directors, was unable to attend the annual general meeting of the Company held on 11th August 2016. In his absence, Mr. TIONG Kiew Chiong, the executive Director and Deputy Chairman of the Company attended and took the chair of the said annual general meeting and ensured that proceedings of the meeting were conducted in order. The Company considers that sufficient measures have been taken to ensure that Company’s corporate governance practices are no less exacting than those in the CG Code.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code for securities transactions by the Directors. The Directors have confirmed, following specific enquiries by the Company, their compliance with the required standard as set out in the Model Code throughout the period.

The Company has also established written guidelines regarding securities transactions on no less exacting terms of the Model Code for senior management and specific individual who may have access to inside information in relation to the securities of the Company.

AUDIT COMMITTEE

The Company established an Audit Committee on 26th September 2005 with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. Victor YANG and Mr. LAU Chi Wah, Alex. The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial information for the six months ended 30th September 2016 and discussed matters relating to auditing, internal controls and financial reporting.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 26th September 2005 with written terms of reference. The Remuneration Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. Victor YANG and Mr. LAU Chi Wah, Alex and one executive Director, namely, Mr. TIONG Kiew Chiong.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 26th September 2005 with written terms of reference. The Nomination Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. Victor YANG and Mr. LAU Chi Wah, Alex and one executive Director, namely, Mr. TIONG Kiew Chiong.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the Company has been notified the following changes in information of Directors since the date of the 2015/16 Annual Report:

With effect from 13th July 2016 and 1st November 2016, Mr. YU Hon To, David, an independent non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company, resigned as an independent non-executive director of Great China Holdings Limited (stock code: 141) and Bracell Limited (stock code: 1768) respectively. Bracell Limited was privatised and the shares of which were withdrawn on the Stock Exchange on 24th October 2016.

With effect from 26th July 2016, Mr. LAU Chi Wah, Alex, an independent non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company, resigned as an independent non-executive director of Man Sang International Limited (stock code: 938).

By order of the Board
One Media Group Limited

TIONG Kiew Chiong

Director

Hong Kong, 30th November 2016

As at the date of this report, the Board of Directors comprises Tan Sri Datuk Sir TIONG Hiew King, being non-executive Director; Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong, being executive Directors; and Mr. YU Hon To, David, Mr. Victor YANG and Mr. LAU Chi Wah, Alex, being independent non-executive Directors.



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