One Media Group Interim Report 2017/18

万华媒体

二〇一七至一八年度中期報告

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 2017

	Note	(Unaudited) 30th September 2017 HK$'000	(Audited) 31st March 2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,581**	2,006
Intangible assets	*7*	**24,733**	25,302
Investments accounted for using equity method	*8*	**4,137**	5,680
Total non-current assets		**30,451**	32,988
Current assets			
Inventories		**1,690**	4,686
Trade and other receivables	*9*	**28,638**	25,321
Amounts due from fellow subsidiaries	*9*	**36**	29
Income tax recoverable		**211**	4,445
Cash and cash equivalents		**30,733**	38,325
Total current assets		**61,308**	72,806
Total assets		**91,759**	105,794
EQUITY			
Equity attributable to owners of the Company			
Share capital	*10*	**401**	401
Share premium	*10*	**457,543**	457,543
Other reserves		**(325,809)**	(326,462)
Accumulated losses		**(63,035)**	(46,430)
Total equity		**69,100**	85,052
LIABILITIES			
Non-current liabilities			
Long service payment obligations		**72**	72
Total non-current liabilities		**72**	72
Current liabilities			
Trade and other payables	*11*	**21,517**	19,775
Amounts due to fellow subsidiaries	*11*	**1,070**	895
Total current liabilities		**22,587**	20,670
Total liabilities		**22,659**	20,742
Total equity and liabilities		**91,759**	105,794

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 2017

		(Unaudited) Six months ended 30th September	
		2017	2016
	Note	***HK$'000***	*HK$'000*
Turnover	*6*	**46,056**	50,307
Cost of goods sold		**(33,195)**	(34,534)
Gross profit		**12,861**	15,773
Other income	*13*	**912**	683
Selling and distribution expenses		**(13,308)**	(13,229)
Administrative expenses		**(17,325)**	(15,848)
Operating loss		**(16,860)**	(12,621)
Share of results of joint ventures and associates	*8*	**657**	2,410
Loss before income tax		**(16,203)**	(10,211)
Income tax (expense)/credit	*14*	**(402)**	1,418
Loss for the period		**(16,605)**	(8,793)
Loss attributable to:			
— Owners of the Company		**(16,605)**	(8,793)
— Non-controlling interests		**–**	–
		(16,605)	(8,793)
Loss per share attributable to owners of the Company during the period (expressed in HK cents per share)			
— Basic and diluted	*15*	**(4.14)**	(2.19)

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 2017

	(Unaudited) Six months ended 30th September	
	2017	2016
	HK$'000	*HK$'000*
Loss for the period	**(16,605)**	(8,793)
Other comprehensive income/(loss)		
Item that may be reclassified to profit or loss		
Currency translation differences	**653**	(353)
Total comprehensive loss for the period	**(15,952)**	(9,146)
Total comprehensive loss for the period attributable to:		
— Owners of the Company	**(15,952)**	(9,146)
— Non-controlling interests	**–**	–
	(15,952)	(9,146)

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 2017

	(Unaudited) Attributable to owners of the Company						
	Share capital	Share premium	Other reserves	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2016	401	457,543	(325,760)	15,589	147,773	–	147,773
Total comprehensive loss							
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
At 1st April 2017	**401**	**457,543**	**(326,462)**	**(46,430)**	**85,052**	**–**	**85,052**
Total comprehensive loss							
Loss for the period	**–**	**–**	**–**	**(16,605)**	**(16,605)**	**–**	**(16,605)**
Other comprehensive income:							
Currency translation differences	**–**	**–**	**653**	**–**	**653**	**–**	**653**
Total comprehensive loss for the period	**–**	**–**	**653**	**(16,605)**	**(15,952)**	**–**	**(15,952)**
At 30th September 2017	**401**	**457,543**	**(325,809)**	**(63,035)**	**69,100**	**–**	**69,100**

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 2017

		(Unaudited) Six months ended 30th September	
		2017	2016
	Note	***HK$'000***	*HK$'000*
Cash flows from operating activities			
Cash used in operations		**(11,872)**	(6,151)
Hong Kong profit tax refunded		**3,832**	–
Net cash used in operating activities		**(8,040)**	(6,151)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(91)**	(783)
Purchase of intangible assets		**–**	(24)
Interest received	*13*	**145**	101
Dividends received		**–**	1,000
Net cash generated from investing activities		**54**	294
Cash flows from financing activities			
Repayment of short-term bank borrowings		**–**	(936)
Net cash used in financing activities		**–**	(936)
Net decrease in cash and cash equivalents		**(7,986)**	(6,793)
Cash and cash equivalents at the beginning of the period		**38,325**	48,470
Currency translation gain/(loss)		**394**	(249)
Cash and cash equivalents at the end of the period		**30,733**	41,428

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") are 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 28th November 2017.

2 BASIS OF PREPARATION

This Financial Information for the six months ended 30th September 2017 is unaudited and has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standard Board ("IASB") 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 2017, 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 accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2017, 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 is expected to have a material impact on the Group.

Taxes on income in the six months ended 30th September 2017 are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1st January 2017 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendments to IAS 28	Investment in Associate and Joint Venture	1st January 2018
Amendments to IAS 40	Transfers of Investment Property	1st January 2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transaction	1st January 2018
Amendments to IFRS 15	Classification of IFRS 15	1st January 2018
IFRS 9	Financial Instruments	1st January 2018
IFRS 15	Revenue From Contracts with Customers	1st January 2018
IFRS 16	Leases	1st January 2019
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	To be determined
IFRIC 22	Foreign Currency Transaction and Advance Consideration	1st January 2018

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

3 ACCOUNTING POLICIES *(Continued)*

Management is in the process of assessing the impact of these new standards and amendments to standards to the existing standards. Below set out their expected impact on the Group's financial performance and position:

(a) IFRS 9, "Financial Instruments"

IFRS 9 "Financial Instruments" addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt the IFRS 9 until it becomes effective for annual periods beginning on or 1st April 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets carried at amortised cost. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts.

While the Group is in the process of performing a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(b) IFRS 15, "Revenue from Contracts with Customers"

IFRS 15 addresses the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group has decided not to adopt the IFRS 15 until it becomes effective for annual periods beginning on or after 1st April 2018.

Management is currently assessing the effects of applying the new standard on the Group's financial statements.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's consolidated financial statements. The Group will make more detailed assessment of the impact.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

3 ACCOUNTING POLICIES *(Continued)*

(c) IFRS 16, "Leases"

IFRS 16 addresses the definition of a lease, recognition and measurement of leases. The standard replaces IAS 17 "Leases" and related Interpretations. A key change arising from IFRS 16 is that most operating leases will be accounted for in the lessee's statement of financial position.

IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to amortise certain leases outside of the statement of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the lessee's statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in right-of-use asset and an increase in financial liability in the lessee's statement of financial position. This will affect related ratios, such as the debt to capital ratio.

In the statement of comprehensive income, leases will be recognised in the future as depreciation and amortisation (for the right-of-use asset) and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from the depreciation and amortisation and will be included under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term.

The Group is lessee of certain office premises which are currently classified as operating leases. The Group conducted preliminary assessment and estimated that the adoption of IFRS 16 would not result in significant impact on the Group's financial performance and position. The Group will continue to assess the impact in more details. The Group has decided not to adopt the IFRS 16 until it becomes effective for annual periods beginning on or after 1st April 2019.

The Group's future operating lease commitments, which are not reflected in the consolidated statement of financial position, under non-cancellable operating leases amounted to HK$4,389,000 as at 30th September 2017.

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 2017.

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 does 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 2017.

There have been no changes in the risk management policies since 31st March 2017.

5.2 Liquidity risk

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

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 for the lifestyle magazines in Hong Kong and Taiwan, automobile/watch magazines and others in Hong Kong and Taiwan and the Mainland China operation.

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 for the lifestyle magazines in Hong Kong and Taiwan, automobile/watch magazines and others in Hong Kong and Taiwan and the Mainland China operation. 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 2017 and 2016 are as follows:

	(Unaudited) Six months ended 30th September 2017 Media Business				
	Hong Kong and Taiwan				
	Lifestyle magazines *HK$'000*	Automobile/ watch magazines and others *HK$'000*	Sub total *HK$'000*	Mainland China *HK$'000*	Total *HK$'000*
Turnover	36,186	7,909	44,095	1,961	46,056
Segment loss before income tax	(6,599)	(2,578)	(9,177)	(4,439)	(13,616)
Unallocated expenses					(3,244)
Operating loss					(16,860)
Share of results of joint ventures ("JVs") and associates *(Note 8)*					657
Loss before income tax					(16,203)
Income tax expense					(402)
Loss for the period					(16,605)
Other information:					
Interest income	80	–	80	65	145
Depreciation of property, plant and equipment	439	29	468	46	514
Amortisation of intangible assets	560	9	569	–	569

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

6 SEGMENT INFORMATION *(Continued)*

	(Unaudited) Six months ended 30th September 2016 Media Business				
	Hong Kong and Taiwan				
	Lifestyle magazines *HK$'000*	Automobile/ watch magazines and others *HK$'000*	Sub total *HK$'000*	Mainland China *HK$'000*	Total *HK$'000*
Turnover	37,442	7,275	44,717	5,590	50,307
Segment loss before income tax	(6,110)	(2,757)	(8,867)	(590)	(9,457)
Unallocated expenses					(3,164)
Operating loss					(12,621)
Share of results of JVs and associates					2,410
Loss before income tax					(10,211)
Income tax credit					1,418
Loss for the period					(8,793)
Other information:					
Interest income	57	–	57	44	101
Depreciation of property, plant and equipment	655	84	739	119	858
Amortisation of intangible assets	1,344	17	1,361	–	1,361

The segment assets and liabilities as at 30th September 2017 are as follows:

	(Unaudited)						
	Hong Kong and Taiwan						
	Lifestyle magazines ***HK$'000***	**Automobile/ watch magazines and others** ***HK$'000***	**Total** ***HK$'000***	**Mainland China** ***HK$'000***	**Eliminations** ***HK$'000***	**Unallocated** ***HK$'000***	**Group** ***HK$'000***
Total assets	**254,998**	**9,498**	**264,496**	**14,067**	**(187,015)**	**211**	**91,759**
Total assets include:							
— Investments in JVs and associates	**–**	**4,137**	**4,137**	**–**	**–**	**–**	**4,137**
— Additions to non-current assets (other than investments accounted for using equity method)	**77**	**–**	**77**	**14**	**–**	**–**	**91**
Total liabilities	**(16,117)**	**(16,432)**	**(32,549)**	**(177,125)**	**187,015**	**–**	**(22,659)**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

6 SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 31st March 2017 are as follows:

	(Audited)						
	Hong Kong and Taiwan						
	Lifestyle magazines *HK$'000*	Automobile/ watch magazines and others *HK$'000*	Total *HK$'000*	Mainland China *HK$'000*	Eliminations *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Total assets	256,722	9,601	266,323	17,885	(182,859)	4,445	105,794
Total assets include:							
— Investments in JVs and associates	–	5,680	5,680	–	–	–	5,680
— Additions to non-current assets (other than investments accounted for using equity method)	1,264	55	1,319	8	–	–	1,327
Total liabilities	(14,844)	(12,353)	(27,197)	(176,404)	182,859	–	(20,742)

Segment assets consist primarily of property, plant and equipment, intangible assets, investments accounted for using equity method, inventories, trade and other receivables and operating cash. They exclude income tax recoverable.

Segment liabilities comprise operating liabilities. They exclude 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$30,264,000 (31st March 2017: HK$32,777,000) and the total of non-current assets located in Mainland China is HK$187,000 (31st March 2017: HK$211,000).

7 INTANGIBLE ASSETS

	Group			
	Computer software *HK$'000*	**Goodwill** *HK$'000*	**Trademarks** *HK$'000*	**Total** *HK$'000*
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	251	–	64,680	64,931
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	251	–	64,680	64,931
Period ended 30th September 2017				
Opening net book amount	**302**	**–**	**25,000**	**25,302**
Additions	**–**	**–**	**–**	**–**
Amortisation expenses	**(73)**	**–**	**(496)**	**(569)**
Closing net book amount	**229**	**–**	**24,504**	**24,733**
At 30th September 2017				
Cost	**1,453**	**2,725**	**75,600**	**79,778**
Accumulated amortisation	**(1,224)**	**–**	**(12,676)**	**(13,900)**
Accumulated impairment	**–**	**(2,725)**	**(38,420)**	**(41,145)**
Net book amount	**229**	**–**	**24,504**	**24,733**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

8 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	(Unaudited) 30th September 2017	(Audited) 31st March 2017
	HK$'000	*HK$'000*
At the beginning of the period/year	**5,680**	5,808
Share of results of JVs and associates	**657**	3,372
Dividend income declared/received	**(2,200)**	(3,500)
Interests in JVs and associates, net	**4,137**	5,680

Set out below are the associates of the Group as at 30th September 2017.

Name of associates	**Place of incorporation**	**Effective equity interest**		**Principal activities**	**Measurement method**
		2017	2016		
ByRead Inc. ("ByRead")	The Cayman Islands	**24.97%**	24.97%	*Note (i)*	Equity
Blackpaper Limited ("Blackpaper")	Hong Kong	**10%**	10%	*Note (ii)*	Equity
Most Kwai Chung Limited ("Most Kwai Chung")	The Cayman Islands	**10%**	–	*Note (iii)*	Equity

Notes:

(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 an indirect wholly-owned subsidiary of Most Kwai Chung after a reorganisation undertaken in July 2017 and 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.

(iii) Most Kwai Chung is an investment holding company and the principal activities of its subsidiaries include the provision of creative multimedia services, advertising service and sales of periodicals and books.

Most Kwai Chung 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

8 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD *(Continued)*

Set out below are the JVs of the Group as at 30th September 2017.

Name of JVs	**Place of incorporation**	**Effective equity interest**		**Principal activities**	**Measurement method**
		2017	2016		
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

Note:

(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 31st March 2017, 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 2017 *HK$'000*	(Audited) 31st March 2017 *HK$'000*
Trade receivables	**22,184**	22,676
Less: allowance for impairment of trade receivables	**(665)**	(633)
Trade receivables — net	**21,519**	22,043
Other receivables — net	**7,119**	3,278
	28,638	25,321
Amounts due from fellow subsidiaries	**36**	29
	28,674	25,350

As at 30th September 2017 and 31st March 2017, the fair values of trade and other receivables and amounts due from fellow subsidiaries approximated their carrying amounts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

9 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES
(Continued)

The Group allows in general a credit period ranging from 30 to 120 days to its trade customers. As at 30th September 2017 and 31st March 2017, the ageing analysis of the Group's trade receivables by invoice date, net of allowance for impairment, is as follows:

	(Unaudited) 30th September 2017 *HK$'000*	(Audited) 31st March 2017 *HK$'000*
0 to 60 days	**14,172**	10,271
61 to 120 days	**4,677**	7,591
121 to 180 days	**1,646**	693
Over 180 days	**1,024**	3,488
	21,519	22,043

Other receivables comprised the following:

	(Unaudited) 30th September 2017 *HK$'000*	(Audited) 31st March 2017 *HK$'000*
Prepayment	**2,396**	1,144
Rental and utilities deposit	**336**	504
Others	**4,387**	1,630
	7,119	3,278

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

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 2016, 30th September 2016, 31st March 2017 and 30th September 2017	400,900	401	457,543	457,944

11 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	(Unaudited) 30th September 2017 ***HK$'000***	(Audited) 31st March 2017 *HK$'000*
Trade payables	**2,955**	2,157
Other payables	**16,157**	15,416
Receipt in advance	**1,760**	1,679
Deferred income and tax provision	**645**	523
	21,517	19,775
Amounts due to fellow subsidiaries	**1,070**	895
	22,587	20,670

As at 30th September 2017 and 31st March 2017, the ageing analysis of the trade payables by invoice date is as follows:

	(Unaudited) 30th September 2017 ***HK$'000***	(Audited) 31st March 2017 *HK$'000*
0 to 60 days	**2,407**	1,972
61 to 120 days	**492**	150
121 to 180 days	**55**	35
Over 180 days	**1**	–
	2,955	2,157

As at 30th September 2017 and 31st March 2017, the fair values of trade and other payables and amounts due to fellow subsidiaries approximated their carrying amounts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

12 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	
	2017	2016
	HK$'000	*HK$'000*
Paper consumed	**4,025**	5,193
Depreciation of property, plant and equipment	**514**	858
Amortisation of intangible assets *(Note 7)*	**569**	1,361
Employee benefit expense (including directors' emoluments)	**31,719**	31,332
Occupancy costs	**2,132**	2,199
Loss on disposal of property, plant and equipment	**10**	2

13 OTHER INCOME

	(Unaudited) Six months ended 30th September	
	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**145**	101
Other media business income	**767**	582
	912	683

14 INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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 or had utilised tax losses to offset the assessable profits during the six months ended 30th September 2017 and 2016.

	(Unaudited) Six months ended 30th September	
	2017	2016
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**(402)**	(422)
Deferred income tax credit	**–**	1,840
	(402)	1,418

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

15 LOSS PER SHARE

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

	(Unaudited) Six months ended 30th September	
	2017	2016
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(16,605)**	(8,793)
Weighted average number of ordinary shares in issue *(in thousands)*	**400,900**	400,900
Basic loss per share *(HK cents per share)*	**(4.14)**	(2.19)
Diluted loss per share *(HK cents per share)*	**(4.14)**	(2.19)

The diluted loss per share is the same as the basic loss per share as there was no dilutive potential shares in issue during the six months ended 30th September 2017.

16 DIVIDENDS

The Directors do not declare the payment of interim dividend for the six months ended 30th September 2017 (Six months ended 30th September 2016: HK nil cent).

17 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 2017 and 2016, the Group entered into the following transactions with fellow subsidiaries, a JV and an associate:

		2017	2016
	Note	***HK$'000***	*HK$'000*
Circulation support services charges	*a*	**443**	402
Library services charges	*b*	**51**	87
Administrative support and IS programming support services charges	*c*	**2,782**	3,200
Video production services charges	*d*	**138**	–
Charges for leasing and licensing of office space, storage space and parking spaces	*e*	**1,288**	1,268
Ticketing and accommodation expenses	*f*	**214**	206
Barter advertising expenses	*g*	**150**	327
Barter advertising income	*h*	**(395)**	(439)
Type-setting, colour separation and film making expenses	*i*	**–**	44
Promotion expenses	*j*	**10**	10
Pension costs — defined contribution plans	*k*	**1,051**	1,061
Sundry income	*l*	**(600)**	(495)
Dividend income	*m*	**(2,200)**	(1,000)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

17 RELATED PARTY TRANSACTIONS *(Continued)*

(i) During the period ended 30th September 2017 and 2016, the Group entered into the following transactions with fellow subsidiaries, a JV and an associate *(Continued)*:

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 cost 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 recharge by a fellow subsidiary relating to provision of video production services. It is charged on a cost reimbursement basis.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) This represents accounting services income in accordance with agreement entered into with an associate of the Company. It is charged at a pre-determined rate calculated by references to the prevailing market rates and a cost reimbursement basis respectively.

(m) This represents dividend income received from an associate. It is calculated according to the equity interest held by the Group in the associate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Continued)

17 RELATED PARTY TRANSACTIONS *(Continued)*

(ii) The balances at 30th September 2017 and 31st March 2017 arising from the related party transactions as disclosed in Note 17(i) above are as follows:

	(Unaudited) 30th September 2017	(Audited) 31st March 2017
	HK$'000	*HK$'000*
Amounts due from fellow subsidiaries *(Note 9)*	**36**	29
Amounts due to fellow subsidiaries *(Note 11)*	**(1,070)**	(895)

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	
	2017	2016
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**1,952**	1,922
Contributions to pension scheme	**18**	18
	1,970	1,940

18 CONTINGENT LIABILITIES

As at 30th September 2017, the Group did not have any material contingent liabilities or guarantees (31st March 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results Summary

The retail and advertising markets in Hong Kong continue to be sluggish in the first half of the Group's financial year 2017. However, there has been sign of stabilising with slight improvement in the total retail sales of Hong Kong in the first nine months of 2017. 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 2017 increased by 0.9% in both value and volume compared with the same period of 2016. The total sales of luxury products including jewellery, watches and clocks, and valuable gifts increased by 4.3% for the first nine months of 2017 compared with the corresponding period of 2016. Although the retail market has shown signs of stabilising, the same is not reflected in the advertising market. The slight improvement in the sales of luxury goods did not improve the Group's advertising revenue from the luxury products sector where most of its major clients are from. This is further exacerbated by the shift of advertising expenditure from traditional media to new media.

For the six months ended 30th September 2017, the Group recorded a turnover of HK$46,056,000, representing a decrease of 8.5% or HK$4,251,000 if compared to the Group's turnover of HK$50,307,000 for the corresponding period in 2016. The Group recorded a loss attributable to owners of the Company of HK$16,605,000 as compared to the loss of HK$8,793,000 for the corresponding period in 2016. The increase in the operating loss was mainly due to the decrease in the advertising revenue.

Review of Operations

Hong Kong and Taiwan

The Group's turnover for Hong Kong and Taiwan operation, decreased slightly by 1.4% to HK$44,095,000 from HK$44,717,000 when compared with that of the corresponding period in last year. This segment recorded losses of HK$9,177,000 for this period which is a slight increase of HK$310,000 if compared with last year. The marginal decrease in the Group's turnover for the first six months ended 30th September 2017 indicated that the volatility in the downturn of Hong Kong's retail market has stabilised.

Nevertheless, *"Ming Pao Weekly 明周"* ("MP Weekly"), the Group's main turnover contributing business for the Hong Kong segment, continues to be impacted by the tightening of the promotional budgets, especially for print media, by advertisers. *"Ming's"* the complimentary monthly title published with MP Weekly and a magazine that covers latest trends, fashion, beauty and lifestyle, continues to contribute to the overall performance.

The Group's two other publications, namely *"TopGear 極速誌"* ("TopGear Hong Kong"), a leading automobile magazine and *"MING Watch 明錶"* ("Ming Watch Hong Kong"), a popular high-end watch title offering quality feature stories and the latest industry trends, continue to attract their readers either through the print or digital edition with their quality contents.

In Taiwan, *"TopGear 極速誌"* ("TopGear Taiwan"), a monthly automobile magazine, continues to attract local readers during the period under review, and this allows the Group to build up a media platform across Greater China. In May 2017, the Group also launched *"MING Watch plus 明錶+"* ("Ming Watch+ Taiwan"), a bi-monthly magazines focusing on watches and men's lifestyle contents, in Taiwan to further strengthen the Group's business in the region.

The Group continued to review its marketing strategies in both print and digital platforms, including redeploying manpower to enhance productivity and achieving cross platform synergies through strategic partnerships.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Review of Operations *(Continued)*

Hong Kong and Taiwan (Continued)

As part of its efforts to diversify the revenue stream, the Group has embarked on the business of organising marketing events for advertisers, government and NGOs. A team has been set up to focus on organising publicity functions and activities in Hong Kong operation for the purposes of generating additional revenue or complimenting to an advertising campaign. It is expected this will contribute to the revenue in the region in the second half of the financial year.

The Group has been continuously implementing cost containment efforts which include measures to reduce printing costs and redeployment of staff to fill vacancies due to attrition. In addition, some current staff have been retrained with new skill sets to cope with the digital media trend.

Mainland China

The turnover of the Group's Mainland China operation for the first half of the current financial year fell by 64.9% to HK$1,961,000 from the sum of HK$5,590,000 recorded in the corresponding period last year owing to the weak market of luxury products, especially for the automobile products. The drop in turnover resulted in an increase of its segment loss, from HK$590,000 to HK$4,439,000 based on a year to year comparison.

Both its flagship magazines, *"TopGear 汽車測試報告"* ("TopGear China"), an automobile magazine and *"MING Watch 明表"* ("Ming Watch China"), a quarterly magazine on high-end watch market trends, continue to be affected by the weak market of luxury products in China. The Group is currently planning to revamp Ming Watch China to have the style which is similar to Ming Watch+ Taiwan in order to expand its advertising customer base by including men's lifestyle segment.

Digital Media

To reduce the impact from the shift in advertising revenue from the print domain to the digital platform, the Group has taken steps to build its strength and presence in the digital domain. These efforts have brought an encouraging result as the income from the digital media has increased significantly for this period as compared to the same period last year. The Group has a dedicated team to focus on creating new ideas for revenue generating projects for its digital platforms. The team has not only generated customised ideas and developed storyboards but also marketed these ideas to potential clients. The same strategy is also applied to the operation in Mainland China and Taiwan markets.

Other Media Investments

The Group constantly looks out for strategic partnerships with new start-ups, especially in the digital media platform, in order to accelerate its growth in this area. Hence, it has investments such as (i) Connect Media Company Limited, the Group's joint venture, which focuses on multimedia channel of advertising business in passenger transportation in the Pearl River Delta region, and (ii) Most Kwai Chung Limited ("Most Kwai Chung") which is principally engaged in the provision of creative multimedia services mainly through its digital product, namely "TV Most" as well as the publication of *"100 Most"*, a weekly title, and books. Presently, Most Kwai Chung is in the process of application of public listing on the Main Board of The Stock Exchange of Hong Kong Limited.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Status of Possible Disposal

Reference is made to the joint announcement dated 1st August 2016 (the "First 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 a share transfer agreement (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.

Reference is also made to the joint announcement dated 31st August 2017 (the "Lapse Joint Announcement"), pursuant to the Share Transfer Agreement (as supplemented by the fifth supplemental agreement dated 30th June 2017), the share transfer closing is conditional upon the conditions, as set out in the First Joint Announcement, to be satisfied or waived (as the case may be) before 31st August 2017 ("Long Stop Date") or such later date as Comwell and Qingdao West Coast may agree in writing. As at the Long Stop Date, none of the conditions precedent to the Share Transfer Agreement is satisfied or waived (as the case may be). As Comwell and Qingdao West Coast have not reached any agreement to further extend the Long Stop Date, the Share Transfer Agreement has lapsed and become of no effect.

For details, please refer to the First Joint Announcement and the Lapse Joint Announcement.

Outlook

The traditional print media industry has been adversely affected by the shift of advertising expenditure and the weak 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. The Group will review each publication and segment thoroughly, and will stay cautious and maintain tight cost control to enhance efficiency. 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 2017 amounted to HK$91,000.

EXPOSURE TO FLUCTUATIONS 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 2017, 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 of Hong Kong Limited 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 *(Note 1)*	Corporate interests	73.01%
Mr. LAM Pak Cheong	3,000,000 *(Note 2)*	Corporate interests	0.75%

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

Notes:

1. 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.

2. 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.

(b) Interests in the shares in Media Chinese

	Number of shares held				
Name of Director	Personal interests	Family interests	Corporate interests	Aggregate interests	Percentage of issued ordinary shares in Media Chinese
Tan Sri Datuk Sir TIONG Hiew King	87,109,058	234,566	766,734,373 *(Note)*	854,077,997	50.62%
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 766,734,373 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% interest 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.

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

Save as disclosed above, as at 30th September 2017, 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 of Hong Kong Limited pursuant to the Model Code.

At no time during the six months ended 30th September 2017 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 2017, 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	292,700,000 *(Note1)*	Beneficial owner	73.01%
Wykeham Capital Asia Value Fund	20,194,000 *(Note 2)*	Beneficial owner	5.04%

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

Notes:

1. Comwell Investment Limited 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 50.62% 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.

2. Wykeham Capital Limited is the investment manager of Wykeham Capital Asia Value Fund and is 100% controlled by Mr. Howel Gruffudd Rhys THOMAS.

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 2017.

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 2017, the Group has 213 employees (31st March 2017: 202 employees), of which 179 were stationed in Hong Kong and Taiwan, and 34 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 2017, 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. Upon doctor's advice, Tan Sri Datuk Sir TIONG Hiew King, the Chairman of the Board of Directors, was on medical leave and unable to attend the annual general meeting of the Company held on 10th August 2017. 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 2017 and discussed matters relating to auditing, risk management and internal control systems 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, set out below are the changes in information of Directors since the date of the 2016/17 Annual Report:

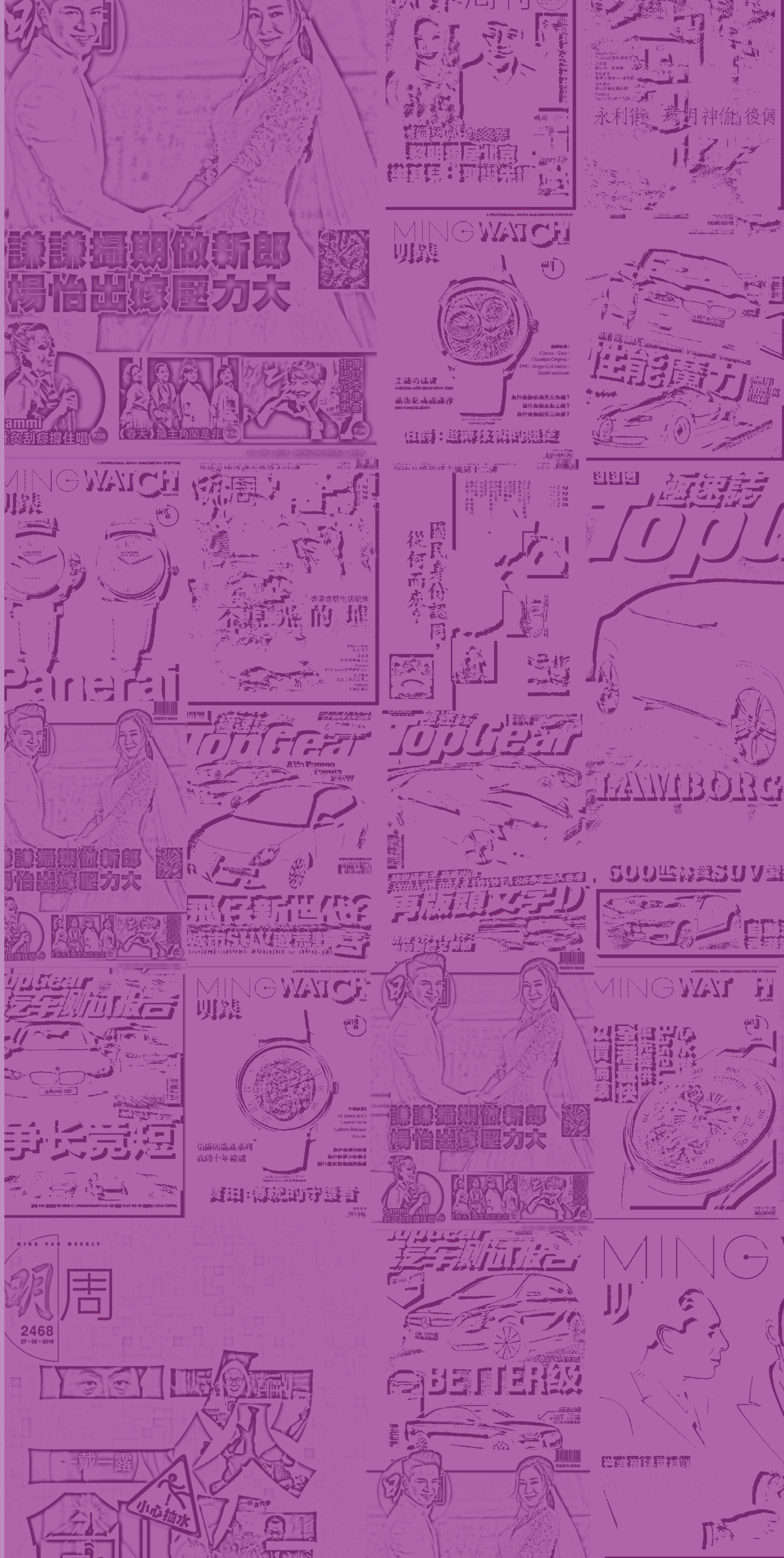
With effect from 2nd October 2017, Mr. TIONG Kiew Chiong, an executive Director of the Company, has been appointed as the Chairman of the Group Executive Committee of Media Chinese International Limited, the holding company of the Company which is listed on The Stock Exchange of Hong Kong Limited and Bursa Malaysia Securities Berhad.

By order of the Board
One Media Group Limited

TIONG Kiew Chiong
Director

Hong Kong, 28th November 2017

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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