ANNUAL REPORT 2017/2018

二〇一七至二〇一八年年報

万华媒体

萬華媒體

One Media Group Limited

萬 華 媒 體 集 團 有 限 公 司

Stock Code 股份代號：426

万华媒体

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CORPORATE INFORMATION

NON-EXECUTIVE DIRECTORS
Ms. TIONG Choon *(Chairman)*
Tan Sri Datuk Sir TIONG Hiew King

EXECUTIVE DIRECTORS
Mr. TIONG Kiew Chiong
Mr. LAM Pak Cheong

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. YU Hon To, David
Mr. YANG, Victor
Mr. LAU Chi Wah, Alex

AUDIT COMMITTEE
Mr. YU Hon To, David *(Chairman)*
Mr. YANG, Victor
Mr. LAU Chi Wah, Alex

REMUNERATION COMMITTEE
Mr. LAU Chi Wah, Alex *(Chairman)*
Mr. YU Hon To, David
Mr. YANG, Victor
Mr. TIONG Kiew Chiong

NOMINATION COMMITTEE
Mr. YANG, Victor *(Chairman)*
Mr. YU Hon To, David
Mr. LAU Chi Wah, Alex
Mr. TIONG Kiew Chiong

COMPANY SECRETARY
Mr. YEUNG Ying Fat

PRINCIPAL BANKERS
Dah Sing Bank, Limited
Bank of Communications Co., Ltd.
(Hong Kong Branch)

AUDITOR
PricewaterhouseCoopers

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
16th Floor, Block A
Ming Pao Industrial Centre
18 Ka Yip Street
Chai Wan
Hong Kong

REGISTERED OFFICE
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE
426

WEBSITE
www.omghk.com

GROUP’S PRINCIPAL BUSINESSES

CHAIRMAN'S STATEMENT

Ms. TIONG Choon
Chairman

The advancement of technology and the ever changing consumption pattern of media users have deeply affected the media industry. One Media Group Limited (the "Company") and its subsidiaries (collectively, the "Group") have not been spared either and the year ended 31st March 2018 has been a tough and challenging year.

For the year 2017, Hong Kong's gross domestic product (GDP) grew by 3.8% as compared to 2.1 % in 2016. According to the Hong Kong Census and Statistics Department, the total retail sales in Hong Kong was provisionally estimated at HK$446.1 billion, an increase of 2.2% in value and 1.9% in volume over 2016.

Despite the improvement in the local economy, the print media industry was not the beneficiary of such improvement as the increase of 4% in the local advertising spend was mainly contributed by the growth in mobile adspend, TV channels and outdoor advertisements.

During the year under review, the Group had taken steps in finding the equilibrium between its current publications and the changing demands of its users resulting from the latest development in technology, connectivity and usage of social media.

CONTENT

We have always strived to ensure that the quality of the content of all our publications is upheld. As such we consistently review and improve our content to meet the demands of our readers. The Group will continue to invest in the digital space to create digital content to complement the content of its printed publications. We believe it will enhance the experience of our readers in terms of offering different content through various platforms.

CHAIRMAN'S STATEMENT

REVENUE

To reduce the impact of continued shift of advertising spend from the print media to digital media, the Group has rolled out initiatives which allow its advertisers to connect with a diverse base of targeted audiences in other forms in the digital space like through custom-made videos. This is also the springboard for the Group to move into the creative advertising space. The Group has also embarked on the business of organising marketing events for advertisers, government and non-government organisations to maintain a diversified revenue portfolio.

RESOURCES

To address the decline in its revenue, the Group has continuously reviewed the ways in which it may reduce costs. For example, current manpower has been redeployed and retrained to meet the development of digital business.

INVESTMENTS

The success of the public listing of one of previous investments in Most Kwai Chung Limited (stock code: 1716) reinforces investing in third party ventures to be a strategic business direction of the Group. The Group is therefore exploring new business opportunities by looking out for investment in new ventures which have strategic and/or operational synergies with the Group, especially in the digital media platform to enhance its businesses.

The Group presently operates in Hong Kong and Taiwan, and Mainland China. The Group will continue to leverage on its presence in these regions to explore potential investment opportunities.

On 28th March 2018, the Company had announced that Tan Sri Datuk Sir TIONG Hiew King had resigned as our Chairman and will remain as a non-executive director with effect from 1st April 2018. On behalf of the Board, I would like to express our sincere appreciation and gratitude to Tan Sri Datuk Sir TIONG Hiew King for his valuable contribution to the Company during his tenure of office as the Chairman. The Board believes that the shareholders and the Company will continue to benefit from his presence as a non-executive director of the Company.

On behalf of the Board, I would also like to thank our valued readers, customers, shareholders, business associates and other friends for their continued support to the Group during the year.

TIONG Choon
Chairman

Hong Kong, 30th May 2018

SNAPSHOTS OF THE YEAR

"MING PAO WEEKLY 明周"






"MING WATCH 明錶"

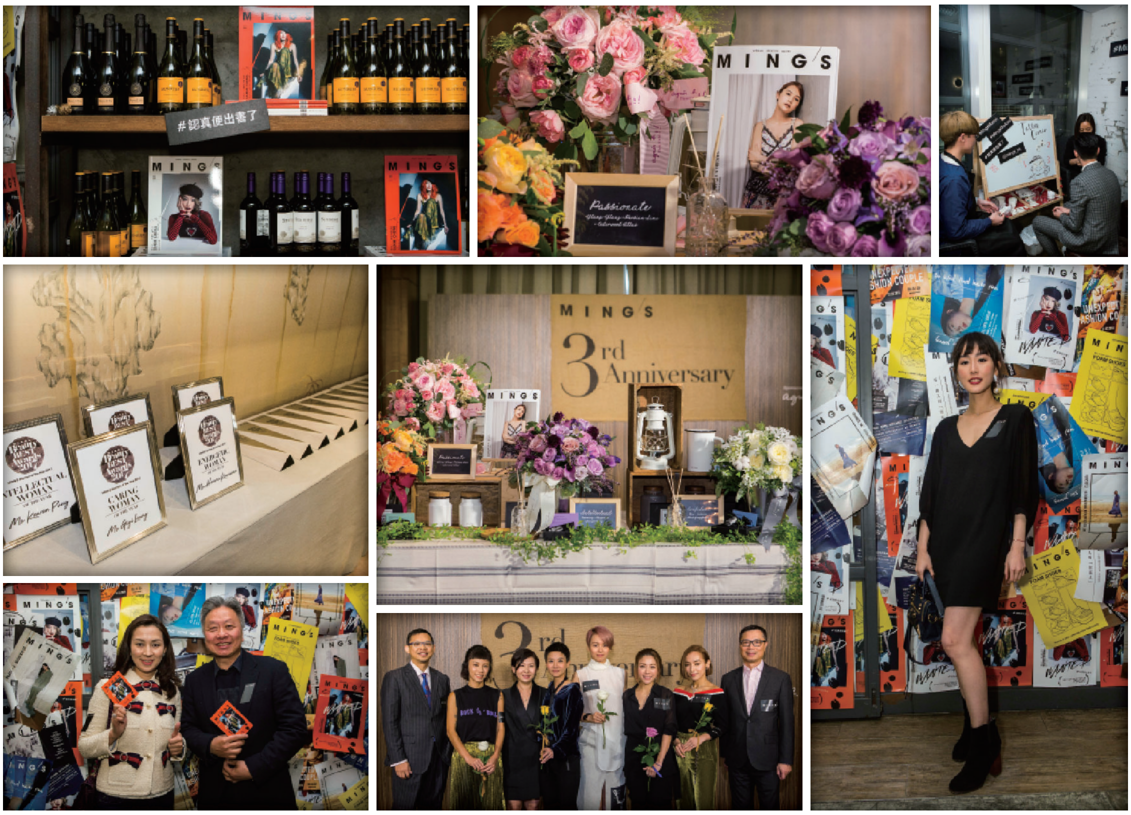






SNAPSHOTS OF THE YEAR

"MING'S"



"TopGear 極速誌"

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS SUMMARY

The Hong Kong retail market has shown signs of improvement albeit marginally. For the year 2017, the GDP of Hong Kong grew by 3.8% as compared to 2.1 % in 2016. According to the Hong Kong Census and Statistics Department, the total retail sales in Hong Kong was provisionally estimated at HK$446.1 billion, an increase of 2.2% in value and 1.9% in volume over 2016. Sales of jewellery, watches and clocks, and valuable gifts however decreased by 5.2% in value in 2017 compared with 2016.

Amidst the slight improvement in the economy of Hong Kong where the Group's operations are predominantly located, the Group still suffered loss for the year ended 31st March 2018 albeit a reduction in its loss if compared to the previous year. The Group's turnover for the year fell marginally by 3.9% from HK$104,094,000 to HK$100,047,000. The Group recorded a gain on deemed disposal of investment in an associate of HK$21,317,000 but it was almost offset by a provision for impairment on trademarks of HK$19,034,000 made during the financial year. As a result, the Group recorded a loss attributable to owners of the Company of HK$20,550,000 as compared to the loss of HK$62,019,000 reported in the previous year.

REVIEW OF OPERATIONS

Hong Kong and Taiwan

Turnover for the Hong Kong operation, which accounted for 95% of the Group's turnover for the year, reported a slight increase of 0.5% from HK$94,510,000 to HK$94,971,000. The segment performed better where it managed to reduce its loss to HK$7,862,000 from HK$52,807,000 in the previous financial year. The significant improvement was due to the net effect of the gain on deemed disposal of investment in an associate of HK$21,317,000 and whilst the provision for impairment on trademarks for the year in review was HK$19,034,000 which was less than the provision made in last financial year. The segment loss before this net effect was HK$10,145,000.

Total advertising spending in 2017 was HK$41.9 billion, 4% more than in 2016. Advertising spending on online interactive and mobile accounted for 38% of all advertising spending, compared with 39% for TV and newspaper advertising combined.

With the shift of advertising spending to online and mobile platforms, "*Ming Pao Weekly*" ("MP Weekly"), the Group's main revenue driver for its Hong Kong segment, was affected by the weak print advertising environment. This spurred the Group to launch "*Ming's*" ("Ming's"), which was the complimentary monthly title published with MP Weekly previously, as a standalone publication in March 2018 with its clear business positioning and direction of increasing the source of revenue.

"*TopGear 極速誌*" ("TopGear Hong Kong") is a leading automobile magazine in Hong Kong with international editorial backing. During the year under review, its Facebook page ranked one of the top among other automobile online media in terms of the numbers of fans that created a positive impact on its digital performance. Its videos of which content are generated by the Group are also a favorite with the readers. "*TopGear Taiwan 極速誌*" ("TopGear Taiwan"), a monthly automobile magazine, continues to be well accepted by local readers since its launch in 2015. The revenue from this publication had improved for the financial year in review.

"*MING Watch 明錶*" ("Ming Watch Hong Kong") is a professional high-end watch title offering feature stories while covering the latest industry trends. It delivers high quality content through its printed and digital platforms. During the year, it reported decline in performance due to the market's weak demand in the sector.

As an ongoing regiment of cost control, the Group has also reviewed the scope of the printers of its publications and sourced new vendors which has the capacity to offer printing services and also provide paper supplies. This has reduced cost in warehousing and transportation. Further, the number of complimentary copies has also been reduced. These efforts would enable the Group to focus its resources on exploring new business opportunities.

The Group is also building up its resources and expanding its event management services which is receiving good response from the market.

MANAGEMENT DISCUSSION AND ANALYSIS

Mainland China

During the current financial year, the Group's Mainland China operation was badly affected by the softening of the luxury goods market which our publications relate to amidst the austerity drive in China. The segment recorded a decrease of 47% in its turnover from HK$9,584,000 reported in last financial year to HK$5,076,000. This resulted in the segment loss, growing significantly from last year's HK$2,032,000 to HK$8,024,000.

"*TopGear 汽車測試報告*" ("TopGear China") continues to attract Mainland Chinese readers with the latest infotainment and automobile news and trends. The soft Chinese retail market has affected its performance during the year.

DIGITAL MEDIA

The Group continues to allocate additional resources to develop its digital platforms and infrastructure in order to improve its performance on digital business. It has started the business of producing videos for advertisers and this has opened up the opportunity for it to provide creative advertising services. The reception to this new service is still in the investment stage.

OTHER MEDIA INVESTMENTS

ST Productions Limited, where the Group holds 80% equity interest, was set up for the businesses of artiste management, events management and music production and distribution as a new revenue stream for the Group. Connect Media Company Limited, the Group's joint venture, continues to focus on multimedia channel advertising in passenger transportation in the Pearl River Delta region. Most Kwai Chung Limited is principally engaged in the publication of *"100 Most"* and a digital product, namely "TV Most". It also publishes books and provides creative multimedia services mainly through its digital platform. It undertook an Initial Public Offering exercise in 2018 and was listed on 28th March 2018. The expenses in connection to the listing exercise reduced its earnings.

SUSTAINABILITY

The Group continues to improve the sustainability practices embedded in its operations to ensure the sustainability and viability of its business. In order to achieve its sustainability vision of producing and providing credible and quality content, services and products with minimal impact on the environment, the Group continues to engage its stakeholders to obtain feedback on how to improve its sustainability efforts. In the area of environmental, the Group will monitor the usage of resources such as water and electricity by the Group. For social, the Group will focus on training and development, diversity and health and safety measures. It will also look into sound procurement practices and measures to ensure product reliability. Last but not least, the Group will continue to contribute to the community it operates in and enhances its reach out to its customers and investors.

OUTLOOK

According to figures from the latest Advertising Spending Projections Survey 2018 conducted by Nielsen in partnership with the Hong Kong Advertisers Association, 38% of the advertisers expect the Hong Kong economy to improve in 2018. The survey also shows that in 2018, 33% advertisers plan to increase their advertising spending, and another 53% said their budgets will remain unchanged. As many as 63% of surveyed advertisers reported that they will increase their online advertising budgets with projected advertising spending for online to be 59% and 41% for offline.

With the above as a reference, the Group expects the decline in its revenue to have stabilised and the advertising spending to improve in the coming year. The Group expects its digital advertising revenue continues to grow compared to other forms of advertising revenue. The Group believes that its efforts in further developing its digital media offerings and developing new products and marketing strategies will bring in improvements. The Group will continue to redeploy its manpower to the digital business and review ways to reduce costs and enhance productivity and profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31st March 2018, the Group's net current assets amounted to HK$33,230,000 (2017: HK$52,136,000) and the total equity attributable to the owners of the Company was HK$111,691,000 (2017: HK$85,052,000). The Group had no bank borrowings (2017: Nil) and the gearing ratios, which is defined as the ratio of net debt, calculated as total borrowings less cash and cash equivalents, to total capital, calculated as total equity attributable to the Company's owners plus net debt, was zero at 31st March 2018 and 2017.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's revenue 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 exchange risks from exposure to United States dollars. For subsidiaries in the People's Republic of China (the "PRC"), most of the sales and purchases are denominated in Renminbi and the exposure to foreign exchange risk is expected to be minimal.

CONTINGENT LIABILITIES

As at 31st March 2018, the Group did not have any material contingent liabilities or guarantees (2017: Nil).

TREASURY POLICY

The Group's treasury policy has as its principal objectives the enhancement of controls over the treasury functions and the lowering of the Group's costs of funds. It also aims to ensure that at all times the Group has sufficient cash resources to meet its financial obligations as they fall due, including taxes and dividends and provide funds for capital expenditure and investment opportunities as they arise. To minimise interest risk, the Group will continue to closely monitor its loan portfolio and compare the interest margin spread of its existing agreements with market interest rates and offers from banks.

PLEDGE OF ASSETS

As at 31st March 2018 and 2017, none of the Group's assets were pledged to secure any banking facilities.

CAPITAL COMMITMENTS

As at 31st March 2018, the Group did not have any material capital commitments (31st March 2017: Nil).

CAPITAL STRUCTURE

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the year ended 31st March 2018.

For the details of cash and cash equivalents and short-term bank deposits, please refer to Note 14 on page 79.

CLOSURE OF THE REGISTER OF THE MEMBERS FOR ANNUAL GENERAL MEETING

The registers of the Company will be closed from Wednesday, 8th August 2018 to Monday, 13th August 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 7th August 2018.

EMPLOYEES

As at 31st March 2018, the Group had approximately 193 employees (2017: 202 employees), of which 170 was stationed in Hong Kong and Taiwan, and 23 was 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.

REPORT OF THE DIRECTORS

The directors (the "Directors") of the Company submit their report together with the audited consolidated financial statements for the year ended 31st March 2018.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 8 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in Note 5 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31st March 2018 is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", "Environmental, Social and Governance Report" and "Five-Year Financial Summary" on pages 4 to 5, pages 8 to 10, pages 20 to 30, pages 31 to 36 and page 94 respectively of this Annual Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 43. During the year ended 31st March 2018 and 31st March 2017, the Directors did not recommend the payment of dividend.

SHARES ISSUED IN THE YEAR

The Company has not issued any shares in the year. Details of the share capital information of the Company are set out in Note 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31st March 2018, including the share premium, available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to HK$212,799,000 (2017: HK$71,268,000).

Under the laws of the Cayman Islands, the share premium is distributable to the shareholders (the "Shareholders") of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

The reserves of the Company available for distribution depend on the dividend distributable by the Company's subsidiaries. For the dividend purpose, the amount which the Company's subsidiaries in the PRC can legally distribute by way of a dividend is determined by reference to their profits as reflected in the PRC statutory financial statements which are prepared in accordance with accounting principles generally accepted in the PRC. These profits differ from those that are reflected in the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards and disclosure requirements of the Hong Kong Companies Ordinance.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association (the "Articles"), or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 94.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the year and up to the date of this report were:

Ms. TIONG Choon# *(Chairman)* (appointed as a non-executive Director with effect from 1st December 2017)
Tan Sri Datuk Sir TIONG Hiew King#
Mr. TIONG Kiew Chiong *(Deputy Chairman)*
Mr. LAM Pak Cheong
Mr. YU Hon To, David*
Mr. YANG, Victor*
Mr. LAU Chi Wah, Alex*

Non-executive Directors
* Independent non-executive Directors

In accordance with Article 108(a) of the Articles, Mr. LAM Pak Cheong and Mr. LAU Chi Wah, Alex will retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves for re-election. In addition, pursuant to Article 112 of the Articles, Ms. TIONG Choon will retire at the forthcoming annual general meeting but, being eligible, offer herself for re-election.

The Company has received annual written confirmations from each of the independent non-executive Directors in regard to their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

DIRECTORS' SERVICE CONTRACTS

Except for Tan Sri Datuk Sir TIONG Hiew King and Ms. TIONG Choon, each of the Directors has entered into a letter of appointment with the Company for a term of three years commencing from 1st April 2017 to 31st March 2020. Tan Sri Datuk Sir TIONG Hiew King and Ms. TIONG Choon have entered into letters of appointment with the Company for a term of three years commencing from 1st April 2018 to 31st March 2021.

None of the Directors who is proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Save as disclosed in Note 28 to the consolidated financial statements "Related Party Transactions", no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director of the Company and the Director's connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

TIONG Choon, aged 49, was appointed as a non-executive Director of the Company on 1st December 2017 and appointed as the Chairman of the Company on 1st April 2018. She is an executive director of Media Chinese International Limited ("Media Chinese", which together with its subsidiaries, the "Media Chinese Group"), the holding company of the Company which is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Ms. TIONG has started her career with Rimbunan Hijau Group since 1991 and served in various managerial and senior positions in plantation and hospitality sectors. She holds a Bachelor of Economics Degree from Monash University, Australia.

She is currently a non-independent non-executive director of Jaya Tiasa Holdings Berhad, a listed company in Malaysia.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Non-executive Directors *(Continued)*

Ms. TIONG is a daughter of Tan Sri Datuk Sir TIONG Hiew King, a niece of Dato' Sri Dr. TIONG Ik King and a distant relative of Mr. TIONG Kiew Chiong. Both Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King are substantial Shareholders of the Company, Tan Sri Datuk Sir TIONG Hiew King is a non-executive Director of the Company, while Mr. TIONG Kiew Chiong is the Deputy Chairman and executive Director of the Company.

Tan Sri Datuk Sir TIONG Hiew King, aged 83, was appointed as a non-executive Director of the Company in April 2012. He is a non-executive director of Media Chinese, the holding company of the Company which is listed on Stock Exchange and Bursa Malaysia. Tan Sri Datuk Sir TIONG Hiew King is the executive chairman of Rimbunan Hijau Group, a large diversified conglomerate in Malaysia comprising timber harvesting, processing and manufacturing of timber products, plantations and other businesses around the world. He has extensive experience in a number of industries, including media and publishing, timber, oil palm plantations and mills, oil and gas, mining, fishery, information technology and manufacturing. He is one of the founders of "*The National*", an English newspaper in Papua New Guinea and is currently the President of The Chinese Language Press Institute Limited. He was bestowed the Knight Commander of the Most Excellent Order of the British Empire (K.B.E.) by Queen Elizabeth II of the United Kingdom in June 2009 in recognition of his contribution to commerce, community and charitable organisations. In 2010, he was awarded "Malaysia Business Leadership Award 2010 — The Lifetime Achievement Award" by the Kuala Lumpur Malay Chamber of Commerce in recognition of his entrepreneurship achievements and contribution to the country. On 15th December 2017, he was awarded the title of "Chinese Culture Promoter of the Year" by CCTV (China Central Television), to be one selected during the "2017 — The Brilliance of China-Choice for Chinese Culture Promoter of the Year" event. In January 2018, he was honoured the inaugural Nation Builder Tribute from the Branding Association of Malaysia, for his immense economic contribution as well as his role as a champion for the Malaysian Chinese culture in the modern global business world.

Tan Sri Datuk Sir TIONG Hiew King currently serves as an executive director of Rimbunan Sawit Berhad, a listed company in Malaysia and the Executive Chairman of RH Petrogas Limited, a listed company in Singapore.

He is the father of Ms. TIONG Choon, a brother of Dato' Sri Dr. TIONG Ik King and a distant relative of Mr. TIONG Kiew Chiong. Both Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King are substantial Shareholders, while Ms. TIONG Choon is the Chairman and a non-executive Director of the Company; and Mr. TIONG Kiew Chiong is the Deputy Chairman and executive Director of the Company.

Executive Directors

TIONG Kiew Chiong, aged 58, was appointed as an executive Director in March 2005 and is the Deputy Chairman of the Company. Mr. TIONG is also the Chairman of the executive committee of the Company (the "Executive Committee") and a member of the Remuneration Committee and Nomination Committee of the Company. He has been an executive director of Media Chinese since May 1998 and is currently the Group Chief Executive Officer and the Chairman of the Group Executive Committee of Media Chinese. Media Chinese is the holding company of the Company which is listed on the Stock Exchange and Bursa Malaysia. Mr. TIONG has extensive experience in the media and publishing business. He is one of the founders of "*The National*", an English newspaper in Papua New Guinea launched in 1993. Mr. TIONG obtained his Bachelor of Business Administration (Honours) from York University, Toronto, Canada in 1982. Mr. TIONG currently sits on the board of various subsidiaries of the Company.

He is a distant relative of Tan Sri Datuk Sir TIONG Hiew King, Dato' Sri Dr. TIONG Ik King and Ms. TIONG Choon. Tan Sri Datuk Sir TIONG Hiew King is a non-executive Director of the Company and Ms. TIONG Choon is the Chairman and a non-executive Director of the Company; and both Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King are substantial Shareholders.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Executive Directors *(Continued)*

LAM Pak Cheong, aged 49, was appointed as the Chief Executive Officer and an executive Director of the Company in April 2011, in charge of overseeing all the operations of the Group. He is also the Editorial Director of the Group, managing editorial matters of all publications and a member of the Executive Committee of the Company. Mr. LAM is also the Head of Finance and a member of the Hong Kong Executive Committee of Media Chinese, the holding company of the Company which is listed on the Stock Exchange and Bursa Malaysia. Mr. LAM has extensive experience in corporate development, media operations, mergers and acquisitions and corporate governance. He is an associate of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. LAM obtained his Master of Business Administration in Financial Services jointly from the University of Manchester and the University of Wales, Bangor in the United Kingdom and Master of Corporate Governance from the Hong Kong Polytechnic University. Mr. LAM currently holds directorships in various subsidiaries of the Company.

Independent non-executive Directors

YU Hon To, David, aged 70, has been an independent non-executive Director of the Company since June 2005. He is also the Chairman of the Audit Committee, and a member of the Remuneration Committee and Nomination Committee of the Company. Mr. YU is a fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Hong Kong Institute of Certified Public Accountants. He was formerly a partner of an international accounting firm with extensive experience in corporate finance, auditing and corporate management. Mr. YU is currently an independent non-executive director of Media Chinese, the holding company of the Company which is listed on the Stock Exchange and Bursa Malaysia. Mr. YU also serves as an independent non-executive director of China Renewable Energy Investment Limited, China Resources Gas Group Limited, Haier Electronics Group Co., Limited, Keck Seng Investments (Hong Kong) Limited, MS Group Holdings Limited, New Century Asset Management Limited (the manager of New Century Real Estate Investment Trust which is listed on the Stock Exchange) and Playmates Holdings Limited, which are listed companies in Hong Kong. In the past three years preceding 31st March 2018, Mr. YU had been an independent non-executive director of Synergis Holdings Limited, Bracell Limited (formerly known as Sateri Holdings Limited) and Great China Holdings Limited. Bracell Limited was privatised and the shares of which were withdrawn on the Stock Exchange on 24th October 2016.

YANG, Victor, aged 72, was appointed as an independent non-executive Director of the Company in April 2014. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company. Mr. YANG was a founding partner of Boughton Peterson Yang Anderson, Solicitors, Hong Kong, which are practicing under the name Zhong Lun Law Firm with effect from 30th March 2015. He is also a qualified lawyer in Canada and the United Kingdom. Mr. YANG has over 40 years of experience in legal practice primarily in the areas of corporate finance, commercial law and mergers and acquisitions. He is presently a director and a past governor of the Canadian Chamber of Commerce, a director of the Hong Kong Foundation for UBC Limited and a member of the University of British Columbia, Dean of Law's Council of Advisors.

Mr. YANG is also an independent non-executive director of Playmates Toys Limited and Singamas Container Holdings Limited, which are listed companies in Hong Kong. Mr. YANG remained as a non-executive director of Lei Shing Hong Limited after the company privatised in March 2008. In the past three years preceding 31st March 2018, Mr. YANG had been an independent non-executive director of China Agri-Industries Holdings Limited and China Hanking Holdings Limited, which are listed companies in Hong Kong.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Independent non-executive Directors *(Continued)*

LAU Chi Wah, Alex, aged 54, was appointed as an independent non-executive Director of the Company in September 2014. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. Mr. LAU has over 25 years of experience in the field of corporate finance and accounting in managing initial public offerings and fund-raising exercises and advising listed companies on mergers and acquisitions, takeovers, buyouts and other corporate transactions. Mr. LAU is an associate of the Institute of Chartered Accountants in England and Wales since June 1988 and an associate of the Hong Kong Institute of Certified Public Accountants since 1990. He graduated from the University of East Anglia in the United Kingdom in 1984 with a Bachelor of Science in Accountancy degree. He also obtained an Advance Diploma in Corporate Finance from the Institute of Chartered Accountants in England and Wales in 2006.

Mr. LAU is currently an independent non-executive director of China Conch Venture Holdings Limited which is a listed company in Hong Kong. In the past three years preceding 31st March 2018, Mr. LAU has been an independent non-executive director of Man Sang International Limited which is a listed company in Hong Kong.

Senior management

CHAN Yiu On, aged 61, joined the Media Chinese Group in July 2005, is the Chief Operating Officer of the Group. Mr. CHAN is also a member of the Executive Committee. He is in charge of the overall sales and marketing and the general management of the business operation of the Group. Mr. CHAN has 40 years of extensive experience in media industry in Hong Kong. Prior to joining the Media Chinese Group, he had worked in several media companies engaged in the business of advertising, media agency, terrestrial TV, print publishing and radio broadcasting. He is very familiar with the media industry and is an experienced senior executive of the advertising industry in Hong Kong.

YEUNG Ying Fat, aged 50, joined the Media Chinese Group in February 1997, is the Financial Controller of the Group. Mr. YEUNG was appointed as Company Secretary of the Company in April 2011. He is in charge of the financial, management accounting and company secretarial affairs of the Group. Mr. YEUNG has extensive experience in financial accounting and management accounting. He is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Media Chinese Group, he had worked in several international accounting firms for more than 4 years. Mr. YEUNG obtained his Bachelor of Management in Accounting from the University of Lethbridge in Canada.

REPORT OF THE DIRECTORS

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

As at 31st March 2018, 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 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Interests in shares in the Company

Name of Director	Number of shares held	Nature of interests	Percentage of issued ordinary shares
Ms. TIONG Choon	26,000	Personal interests	0.01%
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 shares 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" in the Report of the Directors on page 17.

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 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
Ms. TIONG Choon	2,654,593	1,023,632	653,320	4,331,545	0.26%
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	3,041,039	–	–	3,041,039	0.18%

All the interests stated above represent long positions in the shares 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, Tan Sri Datuk Sir TIONG Hiew King, TSL and PAA directly and indirectly hold 52.38% interest in both RHS and RHSA, 75% interest in Madigreen, 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.

REPORT OF THE DIRECTORS

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 31st March 2018, none of the Directors, chief executives and their associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the year 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 companies or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporates.

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

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that as at 31st March 2018, 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 *(Note)*	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 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 15.80% by virtue of his personal interests and corporate interests.

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 31st March 2018.

MANAGEMENT CONTRACTS

Unless otherwise disclosed in this report, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

REPORT OF THE DIRECTORS

RELATED-PARTY TRANSACTIONS

Details of related-party transactions entered into by the Group in the normal course of business during the year ended 31st March 2018 are disclosed in Note 28 to the consolidated financial statements. They did not constitute connected transactions or continuing connected transactions which are required to comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

PERMITTED INDEMNITY

The Articles of the Company provide that Directors for the time being of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors of the Company and its subsidiaries.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year and subsisted at the end of the year.

BANK LOANS AND OTHER BORROWINGS

The Group had no bank loans and other borrowings as at 31st March 2018 and 2017.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

COMPETING BUSINESS

Set out below is information disclosed pursuant to Rule 8.10 of the Listing Rules:

Media Chinese is a listed company in Hong Kong and Malaysia. It is an investment holding company and the principal activities of its subsidiaries are the publishing, printing and distribution of newspapers, magazines, digital contents and books primarily in Chinese language, and the provision of travel and travel related services in Hong Kong, North America, Malaysia and other Southeast Asian countries ("Remaining Business"). The substantial shareholders of Media Chinese are Tan Sri Datuk Sir TIONG Hiew King, who is also a non-executive Director of the Company and a non-executive director of Media Chinese, and Dato' Sri Dr. TIONG Ik King, who is a non-executive director and the Chairman of Media Chinese. In addition, Ms. TIONG Choon is a non-executive Director of the Company and an executive director of Media Chinese; and Mr. TIONG Kiew Chiong is an executive Director of the Company and Media Chinese. As the contents and demographic readership of the publications of the Group and those of Media Chinese Group are different, the Directors consider that there is a clear delineation between the businesses of the Media Chinese Group and the Group and that there is no competition between the Remaining Business and the business of the Group. In addition, the Group is carrying on its business independently of, and at arm's length with, Media Chinese Group.

Save as disclosed above, none of the Directors or their respective associates have any interest in a business which competes or is likely to compete with the business of the Group during the year.

REPORT OF THE DIRECTORS

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who retires and, being eligible, offers itself for re-appointment at the forthcoming annual general meeting.

By order of the Board

TIONG Kiew Chiong
Director

Hong Kong, 30th May 2018

CORPORATE GOVERNANCE REPORT

Good corporate governance practices are crucial to the smooth and effective operation of a company and its ability to attract investment and protect shareholders' interest. The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance practices. The Company has complied throughout the year with the code provisions as set out in the CG Code, except for the deviation from code provisions E.1.2 and A.2.7 of the CG Code.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Code provision A.2.7 stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. Tan Sri Datuk Sir TIONG Hiew King, who was the Chairman of the Board of Directors until 31st March 2018, is currently on medical leave upon doctor's advice, he was unable to attend the annual general meeting of the Company held on 10th August 2017 and had not held meeting with the non-executive Directors of the Company during the year. 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. In place of Tan Sri Datuk Sir TIONG Hiew King, Ms. TIONG Choon, a non-executive Director of the Company, has been appointed as the Chairman of the Board of Directors with effect from 1st April 2018. 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.

CONDUCT ON SHARE DEALINGS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code for securities transactions by the Directors. 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.

The Directors have confirmed, following specific enquiry by the Company, their compliance with the required standard as set out in the Model Code during the year ended 31st March 2018.

THE BOARD OF DIRECTORS

Composition and function

The Board of Directors currently comprises seven Directors as follows:

Name of Director	**Title**
Non-executive Directors	
Ms. TIONG Choon	Non-executive Director and Chairman
Tan Sri Datuk Sir TIONG Hiew King	Non-executive Director
Executive Directors	
Mr. TIONG Kiew Chiong	Executive Director and Deputy Chairman
Mr. LAM Pak Cheong	Executive Director and Chief Executive Officer
Independent non-executive Directors	
Mr. YU Hon To, David	Independent non-executive Director
Mr. YANG, Victor	Independent non-executive Director
Mr. LAU Chi Wah, Alex	Independent non-executive Director

For qualifications, experience, expertise and relationships (if any) of the board members, please refer to the biographies of each of the Directors as set out on pages 12 to 15.

The Directors have given sufficient time and attention to the Group's affairs, and have disclosed to the Company annually the number and the nature of offices held in public companies or organisations and other significant commitments. The Board of Directors believes that the balance of executive Directors, non-executive Directors and independent non-executive Directors is reasonable and adequate to provide sufficient balances to protect the interests of the Shareholders and the Group.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS *(Continued)*

Composition and function *(Continued)*

Pursuant to the written guidelines adopted by the Company, specific matters are reserved to the Board of Directors for its decision and certain matters are delegated to the senior management.

The Board of Directors, led by its Chairman, is responsible for, inter alia:

(a) reviewing and approving the strategic direction of the Group established by Executive Directors in conjunction with the management;

(b) reviewing and approving objectives, strategies and business development plans set by the Executive Committee;

(c) monitoring the performance of the Chief Executive Officer and the senior management;

(d) assuming the responsibility for corporate governance;

(e) approving the nominations of the Directors; and

(f) reviewing the effectiveness of the internal control system of the Group.

The senior management and the Executive Committee are responsible for:

(a) formulating strategies and business development plans, submitting the same to the Board of Directors for approval and implementing such strategies and business development plans thereafter;

(b) submitting report on the Group's operations to the Board of Directors on a regular basis to ensure effective discharge of the Board's responsibilities;

(c) reviewing annual budgets and submitting the same to the Board of Directors for approval;

(d) reviewing salary increment proposal and remuneration policy and submitting the same to the Board of Directors for approval; and

(e) assisting the Board of Directors in conducting the review of the effectiveness of the internal control system of the Group.

The Board of Directors has also formulated written guidelines determining which matters require a decision of the full board and which of the Executive Committee.

Independence of independent non-executive Directors

Pursuant to the requirements of the Listing Rules, the Company has received annual written confirmation from each independent non-executive Director of his independence to the Group. The Group has reviewed and considered all independent non-executive Directors to be independent.

Proceedings and retirement of Directors

In accordance with the Articles, subject to the manner of retirement by rotation of Directors from time to time prescribed under the Listing Rules and notwithstanding any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS *(Continued)*

Proceedings and retirement of Directors *(Continued)*

Every non-executive Director and independent non-executive Director has entered into a letter of appointment with the Company for a specific term, details of which are set out in "Directors' Service Contracts" paragraph in the Report of Directors on page 12. All Directors are subject to retirement and re-election by rotation at the annual general meeting under the Articles.

All Directors have access to board papers and related materials and are provided with adequate information on a timely manner. The Directors may, if necessary, seek legal or other independent professional advice at the expense of the Company pursuant to a written guideline adopted by the Board of Directors. In respect of regular board meetings or committee meetings, the agenda is sent out to the Directors at least 14 days before the meeting and the accompanying papers are sent at least three days before the intended date of meeting for information. The Company also provides the Directors with monthly updates on the performance of the Group.

Directors' responsibilities

In relation to the financial reporting, all Directors acknowledge their responsibilities for preparing the financial statements of the Group. Directors are indemnified against all costs and liabilities that may be incurred by them in the execution of their duties. Appropriate directors' and officers' liability insurance cover has also been arranged to indemnify the Directors for liabilities arising out of corporate activities.

GOVERNANCE STRUCTURE

As an integral part of good corporate governance, the Board of Directors has established the following committees whose authority, functions, composition and duties of each of the committees are set out below:

1. Executive Committee

The Executive Committee is the decision-making body for day-to-day operation of the Group which currently comprises Mr. TIONG Kiew Chiong, Mr. LAM Pak Cheong and Mr. CHAN Yiu On. Mr. TIONG Kiew Chiong is the Chairman of the Executive Committee.

Its main duties include performing duties delegated by the Board of Directors and exercising the authorities and rights authorised by the same pursuant to the written guidelines.

2. Remuneration Committee

The Remuneration Committee currently has four members, namely, Mr. LAU Chi Wah, Alex, Mr. YU Hon To, David, Mr. YANG, Victor and Mr. TIONG Kiew Chiong. Except for Mr. TIONG Kiew Chiong who is an executive Director, the rest are all independent non-executive Directors. Mr. LAU Chi Wah, Alex is the Chairman of the Remuneration Committee.

Written terms of reference have been adopted by the Board of Directors in compliance with the Listing Rules and are available on both the Company's and the Stock Exchange's websites. The functions of the Remuneration Committee include, among other things:

(a) making recommendations to the Board of Directors on the Company's policy and structure for remuneration of the Directors and senior management;

(b) making recommendations to the Board of Directors on establishing a formal and transparent procedure for developing policy on remuneration; and

(c) making recommendations to the Board of Directors on the remuneration packages of individual executive Directors and senior management; and the remuneration of non-executive Directors.

GOVERNANCE STRUCTURE *(Continued)*

2. Remuneration Committee *(Continued)*

The remuneration of all Directors are set out in Note 23 to the consolidated financial statements.

During the year, the Remuneration Committee has reviewed the remuneration policy and structure of the executive Directors and senior management of the Company. In November 2017, the Remuneration Committee reviewed and made recommendation to the Board of Directors on the remuneration of Ms. TIONG Choon, who was appointed as a new non-executive Director of the Company with effect from 1st December 2017. It has also reviewed the specific remuneration packages including the terms of employment and performance-based bonus of the Directors and senior management of the Company and offered recommendations on the same to the Board of Directors.

3. Nomination Committee

The Nomination Committee currently has four members, namely, Mr. YANG, Victor, Mr. YU Hon To, David, Mr. LAU Chi Wah, Alex and Mr. TIONG Kiew Chiong. Except for Mr. TIONG Kiew Chiong who is an executive Director, the rest are all independent non-executive Directors. Mr. YANG, Victor is the Chairman of the Nomination Committee.

Written terms of reference have been adopted by the Board of Directors in compliance with the Listing Rules and are available on both the Company's and the Stock Exchange's websites. The functions of the Nomination Committee include, among other things:

(a) reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board of Directors to complement the Company's corporate strategy;

(b) identifying individual suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorship; and

(c) assessing the independence of independent non-executive Directors.

During the year, with reference to the board diversity policy of the Company, the Nomination Committee has reviewed and is of the opinion that the size, structure, board diversity and composition of the Board of Directors is adequate for the Company. In November 2017 and March 2018, the Nomination Committee reviewed the profile and qualification of Ms. TIONG Choon and made recommendations to the Board of Directors for her appointments as a new non-executive Director and the Chairman of the Company. In addition, it has assessed the independence of independent non-executive Directors and concluded that all independent non-executive Directors have complied with the independence criteria under the Listing Rules.

CORPORATE GOVERNANCE REPORT

GOVERNANCE STRUCTURE *(Continued)*

4. Audit Committee

The Audit Committee comprises all three independent non-executive Directors, namely Mr. YU Hon To, David, Mr. YANG, Victor and Mr. LAU Chi Wah, Alex. Mr. YU Hon To, David is the Chairman of the Audit Committee.

Written terms of reference have been adopted by the Board of Directors in compliance with the Listing Rules and are available on both the Company's and the Stock Exchange's websites. The roles and functions of the Audit Committee include, among other things:

(a) acting as the key representative body for overseeing the relationship with the Company's external auditor;

(b) making recommendations to the Board of Directors on the appointment, re-appointment and removal of the external auditor;

(c) reviewing the financial information of the Group including monitoring the integrity of the Group's financial statements, annual report and accounts, half-year report, quarterly reports and reviewing significant financial reporting judgments contained therein; and

(d) reviewing and discussing the Group's financial controls, risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function.

During the year, the Audit Committee has regularly met with the management and the external auditor and reviewed and made recommendations to the following matters:

(a) reviewed the audited financial statements for the year ended 31st March 2018, the interim report for the six months ended 30th September 2017 and the quarterly financial reports for the quarters ended 30th June 2017, 30th September 2017, 31st December 2017 and 31st March 2018;

(b) reviewed and considered the report from the external auditor on the audit of the Group's financial statements;

(c) made recommendations to the Board of Directors for the appointment of the external auditor and reviewed the proposed audit fees for the year ended 31st March 2018;

(d) reviewed the external auditor's audit plan, audit strategy and scope of work for the year under review;

(e) reviewed the internal audit resource requirements, internal audit plan, internal audit reports, recommendations and management response;

(f) reviewed the risk assessment report of the Group. Significant risk issues were summarised and communicated to the Board of Directors;

(g) reviewed the continuing connected transactions entered into by the Group;

(h) reviewed the arrangement (including investigation and follow-up action) that employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters through the whistleblowing policy adopted by the Company; and

(i) reviewed the training programmes of the staff of the Group's accounting and financial reporting function.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTION

The Board of Directors is responsible for performing the corporate governance duties as set out below:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report under Appendix 14 to the Listing Rules.

During the year, the Board of Directors has reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report, the training and continuous professional development of Directors and senior management as well as the practices on compliance with legal and regulatory requirements.

TRAINING FOR DIRECTORS

The Company continuously updates Directors the latest developments and changes to the Listing Rules and other applicable regulatory requirements and provides training to improve and update the Directors' knowledge and skills.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has prepared a training record in order to assist the Directors to record the training that have undertaken.

Below is a summary of the training the Directors had received during the year under review:

Name of Director	**Type of training**
Ms. TIONG Choon	A, B
Tan Sri Datuk Sir TIONG Hiew King	B
Mr. TIONG Kiew Chiong	A, B
Mr. LAM Pak Cheong	A, B
Mr. YU Hon To, David	A, B
Mr. YANG, Victor	A, B
Mr. LAU Chi Wah, Alex	A, B

A: attending seminars/conferences/workshops/forums
B: reading journals and updates relating to the economy, media business or director's duties and responsibilities, etc.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the members of the senior management, who are not Directors but act as members of Executive Committee of the Company, for the year ended 31st March 2018 by bands is set out below:

Remuneration bands	Number of persons
HK$1,000,001 to HK$2,000,000	1

Details regarding the Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Notes 21 and 23 to the consolidated financial statements.

NUMBER OF MEETINGS AND THE ATTENDANCE RATE

The following table shows the number of general meetings, board meetings and committee meetings held during the year under review as well as the attendance rate of each Director. During the year, five board meetings were held, in which four were regular board meetings.

Name of Director	General Meeting	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Ms. TIONG Choon *(Note 1)*	N/A	2/2	N/A	N/A	N/A
Tan Sri Datuk Sir TIONG Hiew King	0/1	2/5	N/A	N/A	N/A
Mr. TIONG Kiew Chiong	1/1	5/5	N/A	2/2	3/3
Mr. LAM Pak Cheong	1/1	5/5	N/A	N/A	N/A
Mr. YU Hon To, David	1/1	5/5	4/4	2/2	3/3
Mr. YANG, Victor	0/1	3/5	3/4	2/2	2/3
Mr. LAU Chi Wah, Alex	1/1	4/5	3/4	2/2	3/3

Note:

1. Ms. TIONG Choon was appointed as a non-executive Director with effect from 1st December 2017 and appointed as the Chairman of the Company with effect from 1st April 2018.

THE DIVISION OF RESPONSIBILITIES BETWEEN THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

With a view to maintaining an effective segregation of duties, the positions of the Chairman and the Chief Executive Officer are split and each plays a distinctive role. The Chairman is mainly responsible for the leadership and effective operation of the Board of Directors and ensuring that all key and appropriate issues are discussed by the Board of Directors in a timely and constructive manner, and the Chief Executive Officer is delegated with the authority and is mainly responsible for the operation of the Group's business and the implementation of the approved strategies with a view to achieving the corporate objectives.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy ("Board Diversity Policy") with effect from 1st September 2013. It sets out the approach to achieve and maintain diversity on the Board of Directors in order to enhance its effectiveness. The Company endeavours to ensure that the Board of Directors has the appropriate balance of skills, experience, expertise and diversity of perspectives. The appointments of board members will continue to be made on merit basis, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board of Directors. Pursuant to the Board Diversity Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The Board of Directors will set up and review the measurable objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Board of Directors will also review and monitor from time to time the implementation of the Board Diversity Policy, as appropriate, to ensure its continued effectiveness.

CORPORATE GOVERNANCE REPORT

INSIDE INFORMATION

The Company is committed to promoting consistent disclosure practices aiming at timely, accurate, complete and broadly disseminated disclosure of inside information about the Group to the market in accordance with applicable laws and regulatory requirements. With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

(a) is required to disclose inside information as soon as reasonably practicable in accordance with the SFO and the Listing Rules;

(b) conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission; and

(c) ensures, through its own internal reporting processes and the consideration of their outcome by Board of Directors and senior management, the appropriate handling and dissemination of inside information.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and reports to the Chairman of the Board of Directors and the Chief Executive Officer. He is responsible for advising the Board of Directors on governance matters. During the year under review, the Company Secretary has complied with the professional training requirements under the CG Code.

CONSTITUTIONAL DOCUMENTS

During the year under review, there was no change on the Company's Memorandum and Articles of Association ("M&A"). A copy of the latest consolidated version of the M&A is available on the websites of the Company and the Stock Exchange.

EXTERNAL AUDITOR

PricewaterhouseCoopers ("PwC") was appointed as the Group's external auditor for the year ended 31st March 2018. During the year, PwC and its other member firms provided the following audit services to the Group:

	HK$'000
Audit services (including interim review)	1,005
Non-audit services	250

Total audit services fee provided by other external auditors/audit firms to the subsidiaries of the Group was approximately HK$22,000.

PwC will retire and offer itself for re-appointment at the annual general meeting of the Company to be held in August 2018. A statement by PwC about its reporting responsibilities on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" section on pages 37 to 40.

PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company has maintained a sufficient public float of its share capital in Hong Kong stock market throughout the financial year ended 31st March 2018.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of the Board of Directors to ensure that the Group establishes and maintains sound and effective risk management and internal control systems and review the effectiveness of such systems to safeguard Shareholders' investment and the Group's assets.

The Board of Directors is of the view that the risk management and internal control systems are designed to manage and mitigate the Group's risks within the acceptable risk appetite, rather than to eliminate the risk of failure to achieve business objectives and strategies. In view of the inherent limitations in any system, such system can only provide reasonable but not absolute assurance against material misstatements, losses, frauds, breaches of laws and regulations, and unforeseen emerging risks.

1. Risk management

(a) Risk management framework

The Group has established appropriate control structure and systematic process for identifying, evaluating, monitoring and managing significant risks pertinent to the achievement of its overall corporate objectives and strategies throughout the year. This process is regularly reviewed by the Board of Directors.

The Audit Committee assists the Board of Directors in (i) reviewing the adequacy and effectiveness of the Group's risk management and internal control systems; (ii) reviewing management's identification of the significant risks in accordance with the Group's risk management policy; and (iii) reporting to the Board of Directors of any significant failures or potential breaches of the Group's risk management policy.

The Executive Committee, acting as the Risk Management Committee ("RMC"), ensures on behalf of the Board of Directors that business risks are identified, assessed, managed and monitored across the businesses of the Group. The RMC reports to the Board or Directors on changes in the risk landscape and developments in the management of principal risks. The RMC is responsible for overseeing the implementation of the risk management framework, reviewing the risk management processes periodically and ensuring that ongoing measures taken are adequate to manage, address or mitigate the identified significant risks. The same principle applies to the Risk Management Unit ("RMU") where risk monitoring accountability rests with the RMU of the operating companies within the Group. The RMU comprises key management staff from each division within the operating company.

(b) Risk management process

The risk management process is cascaded through the Group. All key management and heads of departments have to identify, evaluate and manage risks associated with the business operations on an ongoing basis with defined parameters, and record these in the risk register. It is mandatory for this process to take place at least once a year, and follow-up review regularly.

For each risk identified, the management will assess the root causes, consequences and mitigating controls. An assessment is then made taking into account the probability of the risk occurring and the impact before and after mitigating controls. The content of the risk register is determined through discussions with senior management and review by the RMU. At the RMU meetings, the RMU assessed the overall risk profile of the operating company, identified the significant risks, updated the risk register and prepared the action plans for mitigation. Risk assessment reports comprising the action plans on significant risk are tabled to the RMC. The deliberation of risks and related mitigating responses are carried out at regular management meetings. In essence, risks are dealt with, and contained at, the respective subsidiaries, and are communicated upwards to the Audit Committee and Board of Directors.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

2. Internal control and internal audit function

The Group's internal control framework covers (i) the setting of a defined management structure with limits of authority and clear lines of accountability; and (ii) the establishment of regular reporting of financial information. The relevant executive Directors and senior management have been delegated with respective level of authorities. Yearly budgets of the Group are reviewed and approved by the Board of Directors. The relevant executive Directors and senior management have specific responsibility for monitoring the performance of business operating units. Monthly financial reports and quarterly financial review have been provided to the members of the Executive Committee and all Directors. This helps the Board of Directors and the Group's management to monitor the Group's business operations and to plan on a prudent and timely basis.

The Internal Audit Function of Media Chinese, the holding company of the Company, evaluates the adequacy and effectiveness of risk management and internal control systems. It coordinates with an independent international accounting firm to undertake reviews of the Group's operations and internal controls system. During the year, a review of the Group's internal control system and procedures in respect of the operation of Hong Kong segment was conducted. The scope of review was proposed by the management and approved by the Audit Committee. In addition, the Board of Directors has considered the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes.

3. Review of adequacy and effectiveness

The Board has reviewed the adequacy and effectiveness of the Group's risk management framework and internal control activities to ensure that necessary actions have been or are being taken to rectify weaknesses identified during the year.

The Board has also received assurance from the Chief Executive Officer and Financial Controller that the Group's system of risk management and internal control, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

In this connection, the Board concludes that an effective system of risk management and internal control is in place to safeguard the shareholders' investment and the Group's assets.

SHAREHOLDERS' RIGHTS

1. Shareholders' communications and procedures for raising enquiries

The Board of Directors has established a Shareholders' communication policy setting out the principles of the Company in relation to the Shareholders' communication, with the objective of providing our Shareholders with detailed information about the Company so that they can exercise their rights as Shareholders in an informed manner. The Company uses a range of communication tools to ensure its Shareholders are kept well informed of key business imperatives. These include general meetings, quarterly, interim and annual reports, announcements and circulars. Procedure for voting by poll has been read out by the chairman at the annual general meeting held in 2017. In addition, separate resolution was proposed by the chairman in respect of each separate issue, including re-election of Directors, and voted by way of poll. The Company announced the results of the poll in the manner prescribed under the Listing Rules.

Shareholders may direct their questions about their shareholdings to the Company's Hong Kong branch share registrar: Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Other enquiries or comments raised by any Shareholder can be mailed to the Board of Directors at the Company's head office in Hong Kong at 16th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong or sent through email to corpcom@omghk.com.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS *(Continued)*

2. Convening of extraordinary general meeting on requisition by Shareholders and putting forward proposal at general meeting

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law. However, Shareholders are requested to follow the Articles where a Shareholder or Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings of the Company may requisition the Directors to convene an extraordinary general meeting ("EGM") by depositing a written requisition to the Company.

The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists, addressed to the Board of Directors or the Company Secretary of the Company and deposited at the registered office of the Company at Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands with a copy to the head office of the Company at 16th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong. If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene an EGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an EGM.

If a Shareholder wishes to propose a person for election as a Director in a general meeting, unless the person proposed to be elected as a Director is a Director retiring at the general meeting or is recommended by the Board of Directors for election, a Shareholder shall submit: (i) a notice in writing (the "Nomination Notice") signed by a Shareholder duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose that person for election as a Director; and (ii) a notice in writing signed by that person of his consent to be elected as a Director to the registered office of the Company at Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands with a copy to the head office of the Company at 16th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong for the attention of the Company Secretary no earlier than the day after the despatch of the notice of the general meeting for such election of Director(s) and ending no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

The Nomination Notice must state the full name of the person proposed for election as a Director and include such person's biographical details as required by the Listing Rules.

Alternatively, if no general meeting has already been convened, a Shareholder may propose a person for election as a Director by requisitioning the Company to convene an EGM, provided that he is holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUSTAINABILITY POLICY

The Group is committed to upholding its sustainability vision which is to produce and publish credible and quality content, services and products with minimal impact on the environment and enhancing shareholders' value. It adopts ethical and responsible business practices and good corporate governance in its operations and interactions with all stakeholders. The Group practises a Sustainability Vision and Policy which outlines sustainability initiatives in three core areas namely Environmental, Social and Governance ("ESG"). Employees of the Group are made aware of the importance of sustainability for the Group's operations. As usual, they strive to carry out the business of the Group responsibly, act with integrity and be mindful of how the Group's operations may impact the environment, community and stakeholders' interests.

This report sets out the Group's vision for sustainability and how it manages and monitors the progress and outcome status of its ESG activities. The reporting framework of this report is made in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules.

GOVERNANCE

The Company has adopted policies in the areas of economic, social, environmental and training and development. These policies are an extension of the sustainability vision of the Group. They set the framework for the identification and management of sustainability items in these areas and designate personnels to monitor and manage sustainability items that are identified. The Group continues to promote an ethical working environment and robust corporate governance to ensure compliance with applicable laws and regulations for all material ESG issues that have a significant impact on its operations.

SCOPE

This ESG report covers the operations of the Group in Hong Kong as it represents the majority of revenue and business scope of the Group, unless otherwise stated.

MATERIAL SUSTAINABILITY ITEMS

The Group sought feedback from relevant stakeholders to identify material sustainability items in the three ESG core areas, namely Environmental, Social and Governance. The material sustainability items were identified based on the impact they may have on the financial performance, operations and reputation of the Group. A review of the Group's risk register was also carried out to help identify such items.

By applying the above methodology, the Group identified the following sustainability items and organised them in the order of priority that were most material to the Group's operations and its stakeholders as listed below:

Area	Material sustainability items
Environmental	• Use of resources • Greenhouse gas emissions
Social	• Diversity • Training and development • Health and safety • Contribution to community • Procurement practices • Product responsibility
Governance	• Governance structure • Corporate governance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDERS ENGAGEMENT

The Group believes in establishing and maintaining good and mutually beneficial relationships with our stakeholders. The Group engages its stakeholders in its daily operations and communicates with them in various channels. In this manner, the Group is able to seek feedback and address stakeholders' concerns on sustainability development of its business.

Stakeholders	Method of engagement
Customers	• Social media and websites • Events held for readers and advertisers • Awards and anniversary events • Meetings • Exhibitions
Community	• Social media • Community event
Shareholders	• Annual general meeting • Announcements • Corporate website • Press releases
Industry Peers	• Awards
Suppliers	• Meetings
Employees	• Corporate events and social functions • Internal communications

SUSTAINABILITY AREAS

1. Environmental

The Group is committed to produce its products and provide services in an economically efficient and cost effective manner with minimal impact on the environment. Specifically, the Group aims to conserve water and energy; to reduce greenhouse gas emissions, to minimise waste and to instill public consciousness in support of environmental sustainability. The Group aims to identify, measure and understand the direct and indirect impact of its operations and comply with the relevant environmental laws and regulations of Hong Kong.

(a) Outsourcing of production and distribution

As part of cost management, the Group outsources the printing of its products to third party printers. The outsourcing includes the provision of all materials in addition to the printing service. The Group does not operates its own distribution fleet as it is more economical to outsource the distribution process to third parties. As such, the Group has no data on the usage of materials and the disposal of any wastes by the third party printers or the usage of fuel or gas house emission from such activities. Nevertheless, as part of its responsible procurement practice, the Group constantly engages its third party printers on reducing wastage and gaining extra printing mileage from the use of its materials.

The Group selects service providers which practise environmentally friendly methods in its operations. The printers have established policies in waste disposal such as disposing waste paper to paper manufacturers and chemical sewage to approved chemical processing company.

The waste generated from the Group's office operations is non-hazardous and is disposed of through general waste disposal methods. The amount of waste is currently not measured as it is not significant.

SUSTAINABILITY AREAS *(Continued)*

1. Environmental *(Continued)*

(b) Use of resources

(i) Electricity

Electricity used for office operations accounted for a major part of the Group's usage. In line with its Environmental policy, the Group keeps track of the electricity usage of its operations and implements measures to reduce energy consumption. Some of these initiatives include conducting energy-saving campaigns at its offices where employees are reminded to switch off the lights, computers or equipment when not in use.

The Group's electricity usage for the financial years ended 31st March 2017 and 2018 are 545,998 kWh and 518,047 kWh respectively.

(ii) Water

The Group is mindful that usage of natural resources like water must be managed with care to prevent wastage or abuse. The Group's usage of water is consumed at its offices only which is utilised for normal drinking and washing. The Group's total consumption of water for the financial year ended 31st March 2018 is 280 m^3.

(c) Greenhouse gas ("GHG") emissions reporting

The Group aims to reduce GHG emissions by identifying the sources and implementing solutions, which includes improving energy efficiency and minimising impact of its operations to the environment.

The Group has chosen its approach to report utility data from operations under its direct control in Hong Kong. Scope 2 (Electricity) is reported on below. The Group is not reporting on Scope 3 emissions from transport as the transportation of products has been outsourced to third parties and it does not own a fleet of vehicles. Scope 1 is not applicable to the Group as there are no direct emissions from its operations.

The Group has identified GHG emissions from purchased electricity. The "Emission Factor Electricity" supplied by Hong Kong Electric is used for calculation of GHG emission.

CO_2 emission from purchased electricity for financial years ended 31st March 2017 and 2018 are 431,338 Kg and 409,257 Kg respectively.

2. Social

The Group's Social policy sets out its aspirations on talent development, health and safety, encouraging diversity, anti child labour, work life balance and corporate social responsibility.

(a) Employees

To ensure sustainability of its operations, the Group believes in recruiting, building and retaining its talent pool. As such, it encourages diversity, places emphasis on talent development and also enhances employee engagement at its workplace. To ensure a safe working environment, the Group implements health and safety measures at its offices. The Group also ensures that its employment practices meet the relevant laws and regulations in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUSTAINABILITY AREAS *(Continued)*

2. Social *(Continued)*

(a) Employees (Continued)

(i) Employment practices

The Group endeavors to provide its employees a safe, fair and comfortable working environment. The Group has established policies in relation to labour practices including compensation and dismissal, recruitment and promotion, working hours, rest periods, disciplinary practice, and other benefits and welfare. There are also controls in place to reduce the exposure to any risk concerning labour issues.

(ii) Diversity

To promote creativity and innovation in its business, the Group encourages diversity in its workforce. As such, the Group believes in hiring capable individuals without any discrimination. It places emphasis on treating employees fairly in terms of career development and remuneration, regardless of gender, age, race or other aspects of diversity. The diversity of employees in the Group by gender is 57% female and 43% male.

(iii) Employee training and development

The Group places importance on training and development of its employees as it is essential to improve efficiency and productivity of the Group. The Group provides both internal and external training programmes to its employees to help them to cope with changes in technology or new business development of the Group.

In addition, annual performance evaluation is carried out to evaluate and track the performance of each employee. Both methods ensure a systematic progression in the career development and upskilling of an employee.

(iv) Employee engagement

The Group believes in building a cohesive team and promoting better understanding among its employees. As such the Group organises employee engagement and dialogue sessions with its employees. This is carried out via social gatherings such as Chinese New Year lunch and Christmas party, in addition to departmental gatherings that are organised from time to time by respective departments in the Group.

(v) Health and safety

The Group endeavors to provide a safe workplace by promoting awareness among its employees on the importance of practising health and safety measures. Regular safety inspections and trainings such as lifts and fire extinguishers maintenance, and fire drills are carried out by the Group.

SUSTAINABILITY AREAS *(Continued)*

2. Social *(Continued)*

(a) Employees (Continued)

(vi) Child and force labour policies and others

The Group complies with relevant labour laws in Hong Kong, including Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). The Group has adopted a policy that prohibits hiring of child or forced labour in any form. Further, the Group believes in conducting business in an ethical manner that advocates governance in its business practices. It constantly reminds its employees to avoid situations where conflict of interests may arise and to maintain integrity at all times.

The Group also has an anti-sexual harassment policy to provide all employees with a working environment free from any form of sexual harassment. Any concerns about sexual harassment may be reported to the individual's immediate superior or to the Human Resources Department and will be treated in the strictest confidence.

(b) Sound procurement practice and product responsibility

The Group aims to conduct its business in a fair manner and prioritise product quality. It believes in sound and ethical procurement practices to ensure a sustainable supply chain for the procurement of goods and services necessary for its business. This will also build a strong and mutually beneficial relationship between the Group and its suppliers.

(i) Procurement

The Group is committed to operating in an ethical environment and practicing responsible procurement processes to ensure sustainable performance. Its procurement process encourages a high level of objectivity and impartiality in supplier selection. Suppliers are required to comply with relevant legislations while providing quality goods and services and efficient after-sales services that meet the Group's expectations. Annual evaluations of its main suppliers are conducted to ensure that quality is maintained, goods and services have actually been provided and that prices paid for such goods and services remain competitive.

(ii) Product responsibility

The Group prides itself in producing content that is accurate and without bias. To ensure that its contents meet the demands of its readers, it engages its readers through various channels such as social media. Further, editorial policies are in place to ensure responsible journalism. The Group's editorial team managed by the editor-in-chief of respective publication reviews their own publications to ensure accuracy of the information contained. Policies and procedures are also implemented to ensure that readers and advertisers' complaints are handled in an appropriate and time-efficient manner.

The Group complies with laws and regulations in Hong Kong, among others, Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) to ensure that its products are marketed appropriately and that customers are treated fairly. It requires that disclosures and marketing materials published in the Group's publications meet legal and regulatory expectations, appropriate for the target audience, and the products marketed are accurately and fairly described.

The Group also ensures that its employees are aware of the need to maintain the privacy of its customers under the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). Adding to this, it uses security procedures and technology to protect the information held, and prevent unauthorised access, unlawful disclosure and misuse of personal information within the Group.

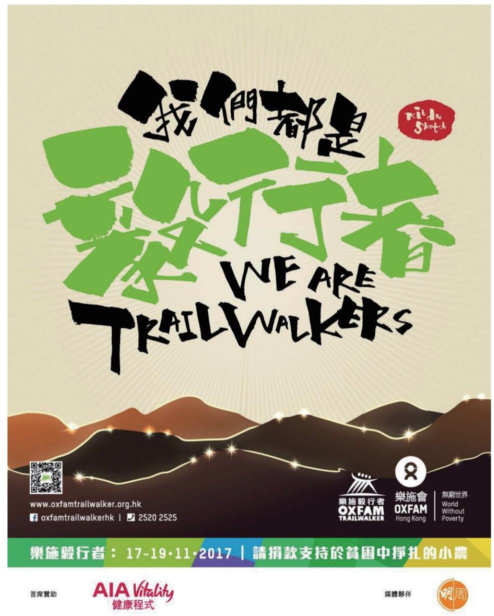
The Group also takes care to observe and protect intellectual property rights. It only uses licensed software and constantly reminds its employees to refrain from installing unauthorised software on office desktops or laptops.

SUSTAINABILITY AREAS *(Continued)*

2. Social *(Continued)*

(c) Community

The Group believes in giving back to the communities it operates in. Through "*Ming Pao Weekly*", the Group sponsored advertisements placed by non-government organisations such as Oxfam, WWF and Hong Kong Red Cross. In July 2017, the Group had invited parents and students from low-income families to attend an art performance at the Hong Kong Academy of Arts.



(d) Customers

The Group engages its readers and advertisers through various events.

In December 2017, readers were invited to attend a sharing seminar of "*MING Watch明錶*" and there were several giveaway activities held by Ming's and Ming's Beauty via their respective Facebook pages. In March 2018, "*TopGear極速誌*" organised "A Date with Jaguar" where some readers were invited to attend.

In November 2017, "*Ming Pao Weekly*" celebrated its 49th Anniversary where advertisers were invited to the celebration which was also graced by celebrities. The Group's advertisers were invited to attend TopGear Awards held in January 2018 and "*Ming's*" launch as a standalone publication in March 2018.

(e) Investors/shareholders

The Company reaches out to its shareholders through corporate announcements, quarterly, interim and annual financial results announcements, press releases and at its general meetings.

The Company has in place a shareholders' communication policy. The details of shareholders' rights is set out in the Corporate Governance Report in this Annual Report on pages 29 to 30. The Group's website also provides detailed information on procedures for shareholders to propose a person for election as a director.

3. Governance

The Group seeks to adopt practices that will support sustainable economic growth with strong governance and accountability. Hence, it embeds good governance practices in the management of its business and operations.

Further details are set out in the Corporate Governance Report on pages 20 to 30 of this Annual Report.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF ONE MEDIA GROUP LIMITED
(incorporated in Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of One Media Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 41 to 93, which comprise:

- the consolidated statement of financial position as at 31st March 2018;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of the trademarks related to the cash-generating unit ("CGU") of publishing Ming Pao Weekly ("MP Weekly")	
Refer to Note 4 (Critical accounting estimates and assumption) and Note 7 (Intangible assets) to the consolidated financial statements. As at 31st March 2018, the carrying value of the Group's trademarks within the CGU of publishing MP Weekly before impairment amounted to HK$24.0 million. During the year ended 31st March 2018, the CGU of publishing MP Weekly recognised a loss, which represented an impairment indicator of the trademarks within the CGU. In carrying out the impairment assessment of the trademarks as required by IAS 36 "Impairment of Assets", the Group engaged an external valuer to support the determination of the recoverable amount, which is determined as the higher of the value-in-use ("VIU") calculations and fair value less cost of disposal ("FVLCD") of the CGU of publishing MP Weekly to which the trademarks belong. In the absence of a market comparable, the valuer adopted the income approach to prepare a discounted cash flow forecast ("DCF") to determine the recoverable amount of the CGU under both VIU and FVLCD methods. Preparation of the DCF required the use of many assumptions and exercise of significant judgements in determining these assumptions. Key assumptions adopted and judgments exercised in the preparation of the DCF included: — Printed advertising revenue growth rates; — Digital advertising revenue growth rates; — Circulation revenue growth rate; and — Discount rate The recoverable amount of the CGU determined on the DCF was lower than its carrying amount, and therefore, a provision for impairment of HK$19.0 million in respect of the trademarks within the CGU was made for the year ended 31st March 2018. We focused on this area because of the significance of the balance and the significant judgements and assumptions involved in determining the recoverable amount of the CGU.	We tested management's impairment review of the trademarks by assessing the DCF used in the calculations as set out below. — Assessing the competency, capability and objectivity of the external valuer by considering its qualifications, relevant experience and relationship with the Group; — Comparing the key input data in management's DCF to the Board's approved budget and business plan; — Assessing the methodology adopted and the mathematical accuracy of the underlying DCF calculations; — Assessing the reasonableness of management's key assumptions and judgements exercised in DCF in relation to: — Printed advertising revenue growth rates, digital advertising revenue growth rates and circulation revenue growth rate by comparing them to historical performance and business plan, as well as benchmarking against industry forecast; and — discount rate by comparing with the cost of capital of comparable companies with assistance of our own valuation specialists. Based on the above procedures performed, we found the key assumptions adopted and estimates made by management to be supportable based on the evidence we gathered.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. WONG Ka Keung, Johnny.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30th May 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**1,753**	2,006
Intangible assets	*7*	**5,173**	25,302
Available-for-sale financial asset	*9*	**70,470**	–
Investments accounted for using the equity method	*10*	**1,115**	5,680
Total non-current assets		**78,511**	32,988
Current assets			
Inventories	*11*	**1,406**	4,686
Trade and other receivables	*13*	**20,800**	25,321
Amounts due from fellow subsidiaries	*13*	**3**	29
Income tax recoverable		**1,005**	4,445
Cash and cash equivalents	*14*	**29,761**	38,325
Total current assets		**52,975**	72,806
Total assets		**131,486**	105,794
EQUITY			
Equity attributable to owners of the Company			
Share capital	*15*	**401**	401
Share premium	*15*	**457,543**	457,543
Other reserves	*16*	**(279,273)**	(326,462)
Accumulated losses		**(66,980)**	(46,430)
Total equity		**111,691**	85,052
LIABILITIES			
Non-current liabilities			
Long service payment obligations	*19*	**50**	72
Total non-current liabilities		**50**	72

The notes on pages 47 to 93 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	**2018 HK$'000**	2017 HK$'000
Current liabilities			
Trade and other payables	*17*	**18,781**	19,775
Amounts due to fellow subsidiaries	*17*	**964**	895
Total current liabilities		**19,745**	20,670
Total liabilities		**19,795**	20,742
Total equity and liabilities		**131,486**	105,794

The notes on pages 47 to 93 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 41 to 93 were approved by the Board of Directors on 30th May 2018 and were signed on its behalf

TIONG Kiew Chiong
Director

LAM Pak Cheong
Director

CONSOLIDATED INCOME STATEMENT

Year ended 31st March

	Note	2018 HK$'000	2017 HK$'000
Turnover	5	**100,047**	104,094
Cost of goods sold	20	**(65,795)**	(68,801)
Gross profit		**34,252**	35,293
Other income	5	**2,289**	1,936
Gain on deemed disposal of investment in an associate	10	**21,317**	–
Selling and distribution expenses	20	**(27,523)**	(26,512)
Administrative expenses	20	**(32,249)**	(36,122)
Provision for impairment on trademarks	7	**(19,034)**	(38,420)
Operating loss		**(20,948)**	(63,825)
Share of results of joint ventures and associates	10	**618**	3,372
Loss before income tax		**(20,330)**	(60,453)
Income tax expense	22	**(220)**	(1,566)
Loss for the year		**(20,550)**	(62,019)
Loss attributable to:			
Owners of the Company		**(20,550)**	(62,019)
Non-controlling interests		**–**	–
		(20,550)	(62,019)
Loss per share attributable to owners of the Company for the year (expressed in HK cents per share)			
— Basic and diluted	24	**(5.1)**	(15.5)

The notes on pages 47 to 93 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March

	2018 HK$'000	2017 HK$'000
Loss for the year	**(20,550)**	(62,019)
Other comprehensive income/(loss):		
Item that may be reclassified to profit or loss		
Currency translation differences	**1,341**	(752)
Fair value gain on available-for-sale financial asset	**46,170**	–
Item that will not be reclassified subsequently to profit or loss		
Actuarial (loss)/gain on long service payment obligations	**(322)**	50
Total comprehensive income/(loss) for the year	**26,639**	(62,721)
Attributable to:		
Owners of the Company	**26,639**	(62,721)
Non-controlling interests	**–**	–
	26,639	(62,721)

The notes on pages 47 to 93 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31st March

	Note	2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
Cash used in operations	*26*	**(14,381)**	(10,578)
Hong Kong income tax refund/(paid)		**3,220**	(721)
Net cash used in operating activities		**(11,161)**	(11,299)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(855)**	(1,167)
Purchase of intangible assets		**(31)**	(160)
Interest received		**234**	236
Dividend received		**2,200**	3,500
Proceeds from disposal of property, plant and equipment	*26*	**120**	–
Net cash generated from investing activities		**1,668**	2,409
Cash flows from financing activity			
Repayment of short-term bank borrowings		**–**	(936)
Net cash used in financing activities		**–**	(936)
Net decrease in cash and cash equivalents		**(9,493)**	(9,826)
Cash and cash equivalents at the beginning of the year		**38,325**	48,470
Currency translation gain/(loss) on cash and cash equivalents		**929**	(319)
Cash and cash equivalents at end of the year	*14*	**29,761**	38,325

The notes on pages 47 to 93 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
	Share capital HK$'000	Share premium HK$'000	Other reserves HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April 2016	401	457,543	(325,760)	15,589	147,773	–	147,773
Comprehensive income							
Loss for the year	–	–	–	(62,019)	(62,019)	–	(62,019)
Other comprehensive loss							
Currency translation differences	–	–	(752)	–	(752)	–	(752)
Actuarial gain on long service payment obligations	–	–	50	–	50	–	50
Total comprehensive loss for the year	–	–	(702)	(62,019)	(62,721)	–	(62,721)
At 31st March 2017	401	457,543	(326,462)	(46,430)	85,052	–	85,052
At 1st April 2017	**401**	**457,543**	**(326,462)**	**(46,430)**	**85,052**	**–**	**85,052**
Comprehensive income							
Loss for the year	**–**	**–**	**–**	**(20,550)**	**(20,550)**	**–**	**(20,550)**
Other comprehensive income/(loss)							
Currency translation differences	**–**	**–**	**1,341**	**–**	**1,341**	**–**	**1,341**
Actuarial loss on long service payment obligations	**–**	**–**	**(322)**	**–**	**(322)**	**–**	**(322)**
Fair value gain on available-for-sale financial asset	**–**	**–**	**46,170**	**–**	**46,170**	**–**	**46,170**
Total comprehensive income for the year	**–**	**–**	**47,189**	**(20,550)**	**26,639**	**–**	**26,639**
At 31st March 2018	**401**	**457,543**	**(279,273)**	**(66,980)**	**111,691**	**–**	**111,691**

The notes on pages 47 to 93 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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 (collectively the "Group") are principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated, and have been approved for issue by the Board of Directors on 30th May 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") and under the historical cost convention, except for available-for-sale financial asset which is measured at fair value. These consolidated financial statements also included applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of financial statements 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) *New and amended standards and interpretations to existing standards adopted by the Group*

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1st April 2017.

(a) Amendments to IAS 7, "*Disclosure initiative*";

(b) Amendments to IAS 12, "*Recognition of deferred tax assets for unrealised losses*";

(c) Amendments to IAS 12, "*Income taxes*"; and

(d) Annual improvement 2016, "*Annual improvements IFRSs 2014–2016 cycles*".

The adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(ii) New accounting standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1st April 2017, and have not been applied in preparing these consolidated financial statements.

		Effective for annual periods beginning on or after
Annual improvement	Annual improvement 2014–2016 Cycle (amendments)	1st January 2018
Amendments to IAS 28	Investment in associates and joint ventures	1st January 2018
Amendments to IAS 40	Transfers of investment property	1st January 2018
Amendments to IFRS 1	Deletion of short-term exemptions for first-time adopters	1st January 2018
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	1st January 2018
Amendments to IFRS 4	Insurance contracts	1st January 2018
Amendments to IFRS 9	Prepayment features with negative compensation	1st January 2019
Amendments to IFRS 10 and IAS 28	Sale or distribution of assets between an investor and its associate or joint venture	Effective Date to be determined
Amendments to IFRS 15	Clarifications to 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
IFRS 17	Insurance contracts	1st January 2021
IFRIC 22	Foreign currency transactions and advance consideration	1st January 2018
IFRIC 23	Uncertainty over income tax treatments	1st January 2019

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management is in the process of assessing the impact of these standards, amendments and interpretations to existing IFRS and set out below are the expected impact on the Group's financial performance and position:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(ii) New accounting standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

IFRS 9 Financial instruments

IFRS 9, "Financial instruments" replaces the whole of IAS 39, IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1st January 2018:

The majority of the Group's debt instruments that are currently classified as available-for-sale for which an OCI election is available and hence there will be no change to the accounting for these assets. Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.

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 de-recognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

IFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. 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.

Based on the assessments undertaken to date, the Group considers that there will be no material adverse change in the credit risks in respect of the Group's future financial assets and the adoption of the new ECL model under IFRS 9 will not have significant impact on its financial performance and position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(ii) New accounting standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

IFRS 15 Revenue from contracts with customers

IFRS 15 replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction contracts, and the related interpretations on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group has performed preliminary assessment on the adoption of IFRS 15 and the initial result indicated that the impact on the Group's financial statements is not expected to be significant other than changes on the disclosure.

IFRS 16 Lease

IFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 "Leases", and related interpretations.

The Group is a lessee of various properties which are currently classified as operating leases. The Group's current accounting policy for such operating lease payment is accounted for in the consolidated income statement when incurred and the Group's future operating lease commitments are not reflected in the consolidated statement of financial position. As of 31st March 2018, the Group's total operating lease commitments amounted to HK$2,494,000.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payment and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flow going forward.

The standard will be mandatory for adoption by the Group for financial years commencing on or after 1st April 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

For the other amendments to standards presented, management is in the process of making an assessment of the likely impact of these changes but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and/or the presentation of its financial statements will result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

(b) Acquisition-related costs are expensed as incurred

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously equity interest in the acquire over the fair value of the identifiable net assets acquired is recorded as goodwill (Note 2.8). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement. Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.2 Separate financial statements

In the Company's statement of financial position, the interests in subsidiaries are stated at cost less allowance for impairment losses (Note 2.9). Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or board representation.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognises the impairment adjacent to share of profit/(loss) of associate in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group. Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Joint arrangements

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangement are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounting for using the equity method.

Under the equity method of accounting, interest in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses and movements in other comprehensive income. The Group's investment in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture and the Group's share of net fair value of the joint venture's identifiable assets and liabilities is accounting for as goodwill. When the Group's share of losses in the joint ventures equals or exceed its interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of the joint ventures have been changed when necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

2.6 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated income statement within 'finance income or expenses'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other income'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Foreign currency translation *(Continued)*

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, currency translation differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, such currency translation differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in consolidated statement of comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment, comprising leasehold improvements, furniture, fixtures and office equipment, computer equipment and motor vehicles, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	10%–25%
Furniture, fixtures and office equipment	20%–30%
Computer equipment	30%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination.

(b) Computer software

Acquired software costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and are stated in the consolidated statement of financial position at cost less accumulated amortisation.

Amortisation of computer software is charged to the consolidated income statement on a straight-line basis over the assets' estimated useful lives, which does not exceed five years.

(c) Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. The trademarks have a finite useful life and are carried at cost less accumulated amortisation and impairment provision. Amortisation is calculated using the straight-line method over the expected useful lives of 30 years of the trademarks.

2.9 Impairment of interests in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGU"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the interests in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purposes for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or excepted to be settled maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise "Trade and other receivables", "Amounts due from fellow subsidiaries" and "Cash and cash equivalents" in the consolidated statement of financial position (Notes 2.12 and 2.13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Financial assets *(Continued)*

2.10.1 Classification (Continued)

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at fair value through profit or loss, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose within 12 months of the end of the reporting period.

2.10.2 Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

2.10.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

(a) for available-for-sale financial assets that are monetary securities denominated in a foreign currency translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income.

(b) for other monetary and non-monetary securities classified as available-for-sale — in other comprehensive income.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade and other receivables is described in Note 2.12.

2.10.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods includes the paper cost for printing. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within selling and distribution costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recovery of amounts previously written off is credited against selling and distribution costs in the consolidated income statement.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade and other payables are obligations to pay for goods ore service that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis difference

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if they arise from initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on temporary differences arising on interests in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from interests in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Employee benefits

(a) *Pension obligations*

The Group's fellow subsidiary, Ming Pao Holdings Limited, operates a hybrid retirement benefit scheme (the "Scheme") comprising a defined benefit plan and defined contribution plan in which the Group shares the risks associated with the Scheme with Media Chinese International Limited ("Media Chinese"), and a Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. Overseas employees are under separate pension schemes which are defined contribution plans set up in the countries in which the Group operates. A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current year and prior periods. The assets of these retirement plans are held separately from those of the Group in independently administered funds. Defined contribution plans are generally funded by payments from the Group and/or employees.

The Group's contributions to the defined contribution plans of the Scheme and MPF Scheme are expensed as incurred. The Group's contributions to the defined contribution plans of the Scheme are reduced by the Group's contributions forfeited by those employees who leave the plans prior to vesting fully.

(b) *Long service payment*

The Group's net obligations in respect of long service payment to its employees on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributed to contributions made by the Group. The discount rate is the yield at reporting date based on Hong Kong Government's Exchange Fund Notes which have terms to maturity approximating the estimated terms of the related liability. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the year in which they occur in the consolidated statement of comprehensive income.

(c) *Share-based compensation*

The Group operates share-based compensation schemes. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the quantum of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value of the options granted, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Employee benefits *(Continued)*

(d) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(e) *Bonus plans*

The expected cost of bonus plans is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by the employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months of the reporting date and are measured at the amounts expected to be paid when they are settled.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, business tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

Revenue from the circulation and subscription sales of periodicals, net of trade discounts and returns, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery. Unearned subscription fees received from subscribers are recorded as subscriptions received in advance under trade and other payables in the consolidated statement of financial position.

Advertising income, net of trade discounts, is recognised when the periodicals are published.

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Licence fee income is recognised in the period the licence is granted to the licencee, using the straight-line basis over the terms of the agreements.

Media business income is recognised in the period in which the services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders in respect of final dividends and approved by the directors in respect of interim dividends.

2.23 Allowance for sales return

Revenue is stated net of estimated sales return allowance. Sales return allowance is recognised by the Group upon the delivery of goods to the customers when the significant risks and rewards of ownership of the goods are transferred to customers and when a reliable estimate of the amount can be made.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose itself to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management according to the policies of the Group. Financial risks are identified and evaluated in close co-operation within the Group.

(a) Credit risk

Credit risk is the risk the Group will incur a loss arising from failure by its counterparties to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The extent of credit risk relating to the Group's trade and other receivables (according to the extent to which allowances for impairments are warranted) is disclosed in Note 13.

The Group maintains cash and cash equivalents with reputable financial institutions from which management believes the risk of loss to be remote. The management assesses credit quality of the outstanding cash and cash equivalents balances as high and considers there is no individually significant exposure. Maximum exposure to credit risk at the reporting date is the carrying amount of the cash at banks.

(b) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The Group maintains its liquidity mainly through funding generated from the daily operation of its subsidiaries and the availability under committed credit lines.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Liquidity risk (Continued)

	2018 HK$'000	2017 HK$'000
Trade and other payables within one year	**15,520**	17,573
Amounts due to fellow subsidiaries within one year	**964**	895
	16,484	18,468

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash at bank and short term bank deposits. Deposits at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's deposits are placed with authorised financial institutions and manages this risk by placing deposits at various maturities and interest rate terms. The Group currently does not hedge its exposure to cash flow and fair value interest rate risk. The Group analyses its interest rate exposure on a regular basis and will consider the interest rate exposure when enter into any financing, renewal of existing positions and alternative financing transactions.

At 31st March 2018, if interest rates on bank deposits held at variable rates had been 50 basis point higher/lower with all variables held constant, post-tax loss for the year would have been HK$42,000 (2017: HK$84,000) lower/higher, mainly as a result of higher/lower interest income on bank deposit.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on the basis of a total liabilities-to-total assets ratio, which shows the proportion of the Group's assets being financed through debt. During the year ended 31st March 2018, the Group's strategy was to maintain the total liabilities-to-total assets ratio around 15% (2017: 20%).

The table below analyses the Group's total liabilities-to-total assets ratio as at 31s March 2018 and 2017:

	2018 HK$'000	2017 HK$'000
Total liabilities	**19,795**	20,742
Total assets	**131,486**	105,794
Total liabilities-to-total assets ratio	**15%**	20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation

The Group analyses the financial instruments carried at fair value as at 31st March 2018 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's available-for-sale financial asset is recognised under level 1 of the fair value hierarchy, as it is traded in active markets which is based on quote market prices at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, price services or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and judgements concerning the future based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of non-current assets

Intangible assets and property, plant and equipment are reviewed for impairment whenever events or change in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use ("VIU") calculations or fair value less costs of disposal ("FVLCD") calculations.

The calculations require the use of judgements and estimate. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

(b) Useful life of trademarks

The management determines the estimated useful life and related amortisation for its trademarks acquired during the year. The estimate of 30-year useful life is based on the management's intention in the operation and future prospect of related publications. Management will alter the amortisation period where the useful life is different from the previously estimated useful life. It will also write off or write down the trademarks if they are subsequently abandoned or sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business.

Turnover consists of advertising income and revenue from circulation and subscription sale of periodicals. Turnover and other income recognised during the year are as follows:

	2018 **HK$'000**	2017 HK$'000
Turnover	**100,047**	104,094
Other income		
Bank interest income	**234**	236
Other media business income	**2,055**	1,700
	2,289	1,936
Total revenue	**102,336**	106,030

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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 year ended 31st March 2018 are as follows:

	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	77,953	17,018	94,971	5,076	100,047
Segment operating (loss)/profit	(25,552)	17,690	(7,862)	(8,024)	(15,886)
Unallocated expenses					(5,062)
Operating loss					(20,948)
Share of results of joint ventures and associates	–	618	618	–	618
Loss before income tax					(20,330)
Income tax expense					(220)
Loss for the year					(20,550)
Other segmental information:					
Interest income	116	–	116	118	234
Provision for impairment on trademarks	19,034	–	19,034	–	19,034
Depreciation of property, plant and equipment	808	66	874	95	969
Amortisation of intangible assets	1,108	18	1,126	–	1,126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2017 are as follows:

	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	78,124	16,386	94,510	9,584	104,094
Segment operating loss	(48,420)	(4,387)	(52,807)	(2,032)	(54,839)
Unallocated expenses					(8,986)
Operating loss					(63,825)
Share of results of joint ventures and associates	–	3,372	3,372	–	3,372
Loss before income tax					(60,453)
Income tax expense					(1,566)
Loss for the year					(62,019)
Other segmental information:					
Interest income	129	–	129	107	236
Provision for impairment on trademarks	38,420	–	38,420	–	38,420
Depreciation of property, plant and equipment	1,155	153	1,308	165	1,473
Amortisation of intangible assets	2,675	31	2,706	–	2,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 31st March 2018 and 2017 are as follows:

	Hong Kong and Taiwan						
	Lifestyle magazine 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
As at 31st March 2018							
Total assets	**301,907**	**4,459**	**306,366**	**11,521**	**(187,406)**	**1,005**	**131,486**
Total assets include:							
— Investments in joint ventures and associates	**–**	**1,115**	**1,115**	**–**	**–**	**–**	**1,115**
— Additions to non-current assets (other than deferred income tax assets and investments accounted for using equity method)	**759**	**113**	**872**	**14**	**–**	**–**	**886**
Total liabilities	**(12,704)**	**(14,842)**	**(27,546)**	**(179,655)**	**187,406**	**–**	**(19,795)**
As at 31st March 2017							
Total assets	256,722	9,601	266,323	17,885	(182,859)	4,445	105,794
Total assets include:							
— Investments in joint ventures and associates	–	5,680	5,680	–	–	–	5,680
— Additions to non-current assets (other than deferred income tax assets and 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 the equity method, inventories, trade and other receivables and operating cash. They exclude income tax recoverable.

Segment liabilities comprise operating liabilities.

The eliminations relate to intercompany receivables and payables between the operating segments.

The total of non-current assets located in Hong Kong is HK$78,511,000 (2017: HK$32,777,000), the total of non-current assets located in Mainland China is nil (2017: HK$211,000) and the total of non-current assets located in Taiwan is nil (2017: Nil).

Major customers

Revenue from a customer contributing over 10% of the total revenue of the Group is as follows:

	2018 HK$'000	2017 HK$'000
A single customer	**9,438**	14,726

The five largest customers accounted for approximately 21.3% (2017: 30.0%) of revenue for the year ended 31st March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1st April 2016					
Cost	5,319	6,236	9,016	2,499	23,070
Accumulated depreciation	(5,036)	(5,718)	(7,656)	(2,062)	(20,472)
Net book amount	283	518	1,360	437	2,598
Year ended 31st March 2017					
Opening net book amount	283	518	1,360	437	2,598
Currency translation differences	(8)	(6)	5	(3)	(12)
Additions	8	855	304	–	1,167
Disposals	–	(2)	–	–	(2)
Depreciation *(Note 20)*	(150)	(405)	(621)	(297)	(1,473)
Provision for impairment *(Note 20)*	–	–	(272)	–	(272)
Closing net book amount	133	960	776	137	2,006
At 31st March 2017					
Cost	5,137	6,598	8,665	2,440	22,840
Accumulated depreciation	(5,004)	(5,638)	(7,617)	(2,303)	(20,562)
Accumulated impairment	–	–	(272)	–	(272)
Net book amount	133	960	776	137	2,006
Year ended 31st March 2018					
Opening net book amount	**133**	**960**	**776**	**137**	**2,006**
Currency translation differences	**7**	**6**	**1**	**5**	**19**
Additions	**–**	**256**	**289**	**310**	**855**
Disposals	**–**	**–**	**(9)**	**–**	**(9)**
Depreciation *(Note 20)*	**(65)**	**(387)**	**(393)**	**(124)**	**(969)**
Provision for impairment *(Note 20)*	**(42)**	**(48)**	**(11)**	**(48)**	**(149)**
Closing net book amount	**33**	**787**	**653**	**280**	**1,753**
At 31st March 2018					
Cost	**5,381**	**6,899**	**9,231**	**2,175**	**23,686**
Accumulated depreciation	**(5,306)**	**(6,064)**	**(8,295)**	**(1,847)**	**(21,512)**
Accumulated impairment	**(42)**	**(48)**	**(283)**	**(48)**	**(421)**
Net book amount	**33**	**787**	**653**	**280**	**1,753**

Depreciation expenses of approximately HK$481,000 (2017: HK$747,000), HK$357,000 (2017:HK$566,000) and HK$131,000 (2017: HK$160,000) are included in cost of goods sold, selling and distribution expenses, and administrative expenses, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 INTANGIBLE ASSETS

	Computer software (Note (a)) HK$'000	Goodwill (Note (b)) HK$'000	Trademarks (Note (c)) HK$'000	Total HK$'000
At 1st April 2016				
Cost	1,296	2,725	75,600	79,621
Accumulated amortisation	(968)	–	(9,660)	(10,628)
Accumulated impairment	–	(2,725)	–	(2,725)
Net book amount	328	–	65,940	66,268
Year ended 31st March 2017				
Opening net book amount	328	–	65,940	66,268
Additions	160	–	–	160
Amortisation expenses *(Note 20)*	(186)	–	(2,520)	(2,706)
Provision for impairment	–	–	(38,420)	(38,420)
Closing net book amount	302	–	25,000	25,302
At 31st March 2017				
Cost	1,453	2,725	75,600	79,778
Accumulated amortisation	(1,151)	–	(12,180)	(13,331)
Accumulated impairment	–	(2,725)	(38,420)	(41,145)
Net book amount	302	–	25,000	25,302
Year ended 31st March 2018				
Opening net book amount	**302**	**–**	**25,000**	**25,302**
Additions	**31**	**–**	**–**	**31**
Amortisation expenses *(Note 20)*	**(133)**	**–**	**(993)**	**(1,126)**
Provision for impairment	**–**	**–**	**(19,034)**	**(19,034)**
Closing net book amount	**200**	**–**	**4,973**	**5,173**
At 31st March 2018				
Cost	**1,484**	**2,725**	**75,600**	**79,809**
Accumulated amortisation	**(1,284)**	**–**	**(13,173)**	**(14,457)**
Accumulated impairment	**–**	**(2,725)**	**(57,454)**	**(60,179)**
Net book amount	**200**	**–**	**4,973**	**5,173**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 INTANGIBLE ASSETS *(Continued)*

(a) Costs of computer software, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over five years.

(b) The goodwill arose from the acquisition of the Group's PRC subsidiaries in 2004 and the Group's Mainland China segment is determined to be the corresponding cash-generating-unit ("CGU"). During the year ended 31st March 2015, management has assessed that the recoverable amount of this CGU was less than the carrying amount of the CGU, and accordingly the Group recognised a full impairment loss of HK$2,725,000 for the goodwill.

(c) The trademarks arose from the acquisition of Ming Pao Finance Limited, which did not have any business activity except for holding the publishing titles of "*Ming Pao Weekly*" ("MP Weekly"). The management determined the publishing of MP Weekly to be the corresponding CGU.

Trademarks are stated at cost less accumulated amortisation and impairment provision and are amortised using the straight-line basis over thirty years.

The Group performed an impairment assessment on the trademarks when an impairment indicator existed as evidenced by the loss-making situation noted in the CGU for the publishing of MP Weekly for the year ended 31st March 2018.

The recoverable amount of the CGU was determined based on the higher of value-in-use ("VIU") and fair value less cost of disposal ("FVLCD") calculations. These calculations were made with the use of the discounted cash flow ("DCF") projections. Cash flows beyond the five-year period are extrapolated with a growth rate of 3.0%. The DCF was prepared with reference to past performance, budget and the market research on annual growth of media industry.

Key assumptions used for the DCF projections:

	2018	2017
Printed advertising revenue growth (CAGR)	**(3.1%)**	2.7%
Digital advertising revenue growth (CAGR)	**19.8%**	80.2%
Circulation revenue growth (CAGR)	**(0.1%)**	2.0%
Discount rate	**21.8%**	19.6%

The recoverable amount of the CGU determined based on the VIU calculations was higher than that of the FVLCD and was approximately HK$4,973,000, which was lower than the carrying amount of the CGU of HK$24,007,000 by approximately HK$19,034,000. Hence, as at 31st March 2018, a provision of HK$19,034,000 for the trademarks was recognised in the consolidated income statement during the year ended 31st March 2018.

(d) Amortisation expense of approximately HK$66,000 (2017: HK$95,000), HK$49,000 (2017:HK$71,000) and HK$1,011,000 (2017: HK$2,540,000) is included in cost of goods sold, selling and distribution, and administrative expenses, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INTERESTS IN SUBSIDIARIES

(a) The following is a list of the principal subsidiaries at 31st March 2018:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Interest held by the Group
Beijing OMG Advertising Company Limited (北京萬華廣告有限責任公司)	PRC, limited liability company	Magazines operation in PRC	Registered capital of RMB30,000,000	100%
Beijing OMG M2U Advertising Company Limited (北京萬華共創廣告有限公司)	PRC, limited liability company	Magazines advertising in PRC	Registered capital of RMB50,000,000	100%
Beijing Times Resource Technology Consulting Limited ("TRT") (北京新時代潤誠科技諮詢有限公司)#1	PRC, limited liability company	Magazines operation in PRC	Registered capital of RMB3,000,000	100%
Best Gold Resources Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share at no par value for HK$1	100%
Enston Investment Limited	British Virgin Islands, limited liability company	Dormant	1 share at no par value for HK$1	100%
Loka Investment Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong and PRC	1 share at no par value for HK$1	100%
MediaNet Advertising Limited	Hong Kong, limited liability company	Media operation in Hong Kong	HK$100 issued share capital	100%
Media2U Company Limited	Hong Kong, limited liability company	Magazines advertising and operation in Hong Kong	HK$101 issued share capital	100%
Media2U (BVI) Company Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 ordinary share of US$1 each	100%
Media Connect Investment Limited	British Virgin Islands, limited liability company	Investment holding in PRC	1 share at no par value for HK$1	100%
Ming Pao Finance Limited	British Virgin islands, limited liability company	Licensing of trademarks in Hong Kong	10 ordinary shares of US$1 each	100%
Ming Pao Magazines Limited	Hong Kong, limited liability company	Magazines publishing in Hong Kong	HK$1,650,000 issued share capital	100%
One Media (HK) Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	HK$10 issued share capital	100%
One Media Holdings Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	20,000 ordinary shares of US$0.01 each	#2100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INTERESTS IN SUBSIDIARIES *(Continued)*

(a) The following is a list of the principal subsidiaries at 31st March 2018: *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Interest held by the Group
One Media Investment Limited	British Virgin Islands, limited liability company	Dormant	1 share at no par value for HK$1	100%
Polyman Investment Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share at no par value for HK$1	100%
Sky Success Enterprises Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share at no par value for US$1	100%
ST Productions Limited	Hong Kong, Limited liability company	Artiste and events management in Hong Kong	HK$4,000,003 issued share capital	80%
Taiwan One Media Group Limited	Taiwan, limited liability company	Magazine publishing in Taiwan	TWD1,000,000	100%
Top Plus Limited	British Virgin Islands, limited liability company	Dormant	10 ordinary shares of US$1 each	100%
Tronix Investment Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share at no par value for HK$1	100%

#1 TRT is a domestic enterprise in the PRC owned legally by a Chinese national, which engages magazines operation in Mainland China. The Group had entered into contractual arrangement with the legal owner of TRT so that the decision-making rights, operating and financing activities of TRT are ultimately controlled by the Group. The Group is entitled to substantially all of the profits and residual benefits generated by TRT. In particular, the legal owner of TRT is required under the contractual arrangements to transfer the interests in TRT to the Group or the Group's designee upon the Group's request at a pre-agreed nominal consideration. In addition, the Group can receive cash flows derived from the operations of TRT through the levying of service and consultancy fees. The ownership interests in TRT have also been pledged by the legal owners of TRT to the Group. Based on above, the Directors regard TRT as a subsidiary of the Company.

During the years ended 31st March 2018 and 2017, TRT did not generate any revenue. As at 31st March 2018, the total assets of TRT amounted to HK$0.5 million (2017: HK$0.4 million), which represented 0.4% of total assets of the Group (2017: 0.4%).

#2 Shares held directly by the Company.

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, interest-free and will not be demanded for repayment and are considered as quasi-equity loans to the subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 AVAILABLE-FOR-SALE FINANCIAL ASSET

	2018 HK$'000	2017 HK$'000
Listed securities		
At 1st April	**–**	–
Addition *(Note 10(ii))*	**24,300**	–
Fair value gain recognised in other comprehensive income	**46,170**	–
At 31st March	**70,470**	–

Available-for-sale financial asset is carried at fair value. Gain or loss arising from changes in the fair value is recognised in "other comprehensive income" in the consolidated statement of comprehensive income. At 31st March 2018, the fair value of the available-for-sale financial asset was determined based on the share price of the listed securities. Details of the accounting treatment on the available-for-sale financial asset are set out in the Group's accounting policies.

No provision for impairment on available-for-sale financial asset was made during the year ended 31st March 2018 (2017: Nil).

The available-for-sale financial asset is denominated in Hong Kong dollar and the fair value approximates the carrying amounts.

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2018 HK$'000	2017 HK$'000
At 1st April	**5,680**	5,808
Share of results of JVs and associates	**618**	3,372
De-recognition of investment in an associate	**(2,983)**	–
Dividend income	**(2,200)**	(3,500)
At 31st March	**1,115**	5,680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

The Group's investments accounted for using the equity method represented the Group's interests in joint ventures ("JVs") and associates. Set out below are the JVs of the Group as at 31st March 2018 and 2017:

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

(i) Chu Kong is an investment holding company and the principal activities of its wholly-owned subsidiary, Connect Media, include but not limited to video programs, posters, seat covers, hull advertising, light box advertisement and e-commerce at the transportation vehicles and also their terminals.

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

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

Set out below are the associates of the Group as at 31st March 2018 and 2017.

Nature of investments in associates as at 31st March 2018 and 2017:

Name of associates	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		2018	2017		
ByRead Inc. ("ByRead")	The Cayman Islands	**24.97%**	24.97%	*Note (i)*	Equity
Blackpaper Limited ("Blackpaper")	Hong Kong	–	10%	*Note (ii)*	Equity
Most Kwai Chung Limited ("Most Kwai Chung")	The Cayman Islands	–	N/A	*Note (ii)*	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 and there is no quoted market price available for its shares. There is no contingent liabilities relating to the Group's interest in the associate.

The Group recognised an allowance for impairment of HK$23,467,000 of the investment in ByRead during the year ended 31st March 2015. Management has performed the assessment and did not consider any reversal of impairment being necessary for the year ended 31st March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

Notes: (Continued)

(ii) Blackpaper is engaged in providing creative multimedia services and advertising campaigns. The investment of the Group was classified as associate due to the Group's right of board representation.

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.

On 13th July 2017, Blackpaper completed a reorganisation and became an indirect wholly-owned subsidiary of Most Kwai Chung in return for the Group to hold 10% interest in Most Kwai Chung, which was classified as an associate for the period from 13th July 2017 to 27th March 2018. On 28th March 2018, Most Kwai Chung became a listed company on the Main Board of The Stock Exchange of Hong Kong Limited ("the Listing").

Upon the Listing, the Group's equity interest in Most Kwai Chung was diluted to 7.5%. The Group has no right to appoint a board representative in Most Kwai Chung. Hence, Most Kwai Chung ceased to be an associate of the Group on 28th March 2018. The Group accounted for the investment in Most Kwai Chung as available-for-sale financial asset. Upon initial recognition, the available-for-sale financial asset was measured at its fair value amounted to HK$24,300,000, which was determined based on the share offer price of Most Kwai Chung upon the Listing, and the Group recognised a deemed disposal gain of HK$21,317,000 in the consolidated income statement in accordance with IAS28 "Investments in associates and joint ventures". Subsequent measurement on the Group's interest in Most Kwai Chung as available-for-sale financial asset is set out in the Group's accounting policies.

The gain on deemed disposal of an investment in an associate:

	2018 **HK$'000**
Fair value of retained interest as available-for-sale financial asset	**24,300**
Less: carrying amount of an associate de-recognised	**(2,983)**
Gain on deemed disposal of an associate to become available-for-sale financial asset	**21,317**

Set out below is the aggregate amount of the Group's share of results of all associates.

	2018 **HK$'000**	2017 HK$'000
Profits from continuing operations and total comprehensive income for the year	**618**	3,372

11 INVENTORIES

	2018 **HK$'000**	2017 HK$'000
Raw materials	**1,315**	4,626
Finished goods	**91**	60
	1,406	4,686

The cost of inventories recognised as expense and included in cost of goods sold amounted to HK$16,878,000 (2017: HK$23,165,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the items below:

	Available-for-sale HK$'000	**Loans and receivables** HK$'000	**Total** HK$'000
Assets			
At 31st March 2018			
Available-for-sale financial asset *(Note 9)*	**70,470**	**–**	**70,470**
Trade and other receivables and deposits	**–**	**18,612**	**18,612**
Amounts due from fellow subsidiaries *(Note 13)*	**–**	**3**	**3**
Cash and cash equivalents *(Note 14)*	**–**	**29,761**	**29,761**
Total	**70,470**	**48,376**	**118,846**
At 31st March 2017			
Trade and other receivables and deposits	–	23,460	23,460
Amounts due from fellow subsidiaries *(Note 13)*	–	29	29
Cash and cash equivalents *(Note 14)*	–	38,325	38,325
Total	–	61,814	61,814

	Financial liabilities at amortised costs HK$'000
Liabilities	
At 31st March 2018	
Trade and other payables	**15,520**
Amounts due to fellow subsidiaries *(Note 17)*	**964**
Total	**16,484**
At 31st March 2017	
Trade and other payables	17,573
Amounts due to fellow subsidiaries *(Note 17)*	895
Total	18,468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	2018 **HK$'000**	2017 HK$'000
Trade receivables	**18,121**	22,676
Less: allowance for impairment of trade receivables	**(699)**	(633)
Trade receivables — net	**17,422**	22,043
Other receivables and deposits	**1,190**	1,417
Barter receivables	**356**	383
Prepayments and advances	**1,832**	1,478
	20,800	25,321
Amounts due from fellow subsidiaries *(Note 28(ii))*	**3**	29
	20,803	25,350

At 31st March 2018 and 2017, the fair values of trade and other receivables approximated their carrying amounts.

The Group allows in general a credit period ranging from 30 days to 120 days to its trade customers. At 31st March 2018 and 2017, the ageing analysis of the Group's trade receivables by invoice date, net of allowance for impairment, is as follows:

	2018 **HK$'000**	2017 HK$'000
0 to 60 days	**10,328**	10,271
61 to 120 days	**3,265**	7,591
121 to 180 days	**2,627**	693
Over 180 days	**1,901**	4,121
	18,121	22,676

Trade receivables that are neither past due nor impaired amounted to HK$6,566,000 (2017: HK$9,275,000). These balances relate to a wide range of customers for whom there is no recent history of default.

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

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis to reduce the exposure to bad debts. The credit period on trade receivables depending on the business area is ranging from 30 to 120 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

At 31st March 2018, trade receivables of HK$10,856,000 (2017: HK$12,768,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2018 **HK$'000**	2017 HK$'000
Overdue by:		
0 to 60 days	**8,013**	8,939
61 to 120 days	**1,926**	2,080
Over 120 days	**917**	1,749
	10,856	12,768

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2018 **HK$'000**	2017 HK$'000
Hong Kong dollars	**14,310**	15,453
Renminbi	**2,848**	6,337
Others	**264**	253
	17,422	22,043

For the year ended 31st March 2018, the Group did not recognise any provision for impairment (2017:Nil) of its trade receivables, but it directly wrote off an amount of HK$15,000 (2017: HK$147,000) as bad debts. The individually impaired receivables mainly relate to customers which were in unexpectedly difficult economic situations.

For the year ended 31st March 2018, the Group recognised HK$Nil (2017: HK$305,000) for the reversal of provision of its trade receivables as reversal of bad debt. The individually reversed provision mainly related to customers which the receivables were settled during the year.

Movements on the Group's allowance for impairment of trade receivables are as follows:

	2018 **HK$'000**	2017 HK$'000
At 1st April	**633**	938
Reversal of impairment of receivables	**–**	(305)
Currency translation differences	**66**	–
At 31st March	**699**	633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The creation and release of allowance for impaired receivables have been included in "selling and distribution expenses" in the consolidated income statement. Amounts in the allowance account are generally utilised to write off receivables when there is no expectation of further recovery.

The maximum exposure to credit risk at the reporting date is the carrying amount of trade and other receivables net of impairment allowance. The Group does not hold any collateral as security.

None of the trade receivables (2017: Nil) are secured by deposits and bank guarantees provided by the customers.

14 CASH AND CASH EQUIVALENTS

	2018 **HK$'000**	2017 HK$'000
Cash at bank and on hand	**19,722**	12,142
Short-term bank deposits	**10,039**	26,183
	29,761	38,325
Maximum exposure to credit risk	**29,632**	38,196

The effective interest rate on average short-term bank deposits was 0.94% (2017: 1.49%). These deposits have maturity ranged from 30 days to 90 days.

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2018 **HK$'000**	2017 HK$'000
Cash and cash equivalents	**29,761**	38,325

Included in the cash and cash equivalents of the Group are bank deposits denominated in Renminbi placed with banks in Mainland China amounting to HK$7,990,000 (2017: HK$10,027,000), of which the remittance is subject to foreign exchange control.

15 SHARE CAPITAL AND PREMIUM

	Number of shares (in thousands)	**Nominal values of ordinary shares of HK$0.001 each** HK$'000	**Share premium** HK$'000	**Total** HK$'000
Issued and fully paid:				
At 31st March 2017, 1st April 2017 and 31st March 2018	400,900	401	457,543	457,944

The total authorised number of ordinary shares is 4,000 million shares (2017: 4,000 million shares).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 OTHER RESERVES

	Merger reserve HK$'000 *(Note)*	Currency translation reserve HK$'000	Long service payment reserve HK$'000	Available-for-sale financial asset reserve HK$'000	Other reserves HK$'000	Total HK$'000
At 1st April 2016	(343,050)	6,224	(77)	–	11,143	(325,760)
Currency translation differences	–	(752)	–	–	–	(752)
Actuarial gains on long service payment obligations	–	–	50	–	–	50
At 31st March 2017	(343,050)	5,472	(27)	–	11,143	(326,462)
At 1st April 2017	**(343,050)**	**5,472**	**(27)**	**–**	**11,143**	**(326,462)**
Currency translation differences	**–**	**1,341**	**–**	**–**	**–**	**1,341**
Actuarial losses on long service payment obligations	**–**	**–**	**(322)**	**–**	**–**	**(322)**
Fair value gain on available-for-sale financial asset	**–**	**–**	**–**	**46,170**	**–**	**46,170**
At 31st March 2018	**(343,050)**	**6,813**	**(349)**	**46,170**	**11,143**	**(279,273)**

Note:

Pursuant to a group reorganisation exercise (the "Reorganisation") to rationalise the structure of the Company and its subsidiaries in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the companies now comprising the Group on 26th September 2005. Merger reserve of the Group mainly represents the difference between the nominal value of the issued capital of One Media Holdings Limited acquired and the fair value of shares allotted as consideration by the Company as part of the Reorganisation in preparing for the listing of the Company's shares in 2005.

17 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	2018 HK$'000	2017 HK$'000
Trade payables	**3,417**	2,157
Other payables	**12,103**	15,416
Receipt in advance	**2,728**	1,679
Deferred income and tax provision	**533**	523
	18,781	19,775
Amounts due to fellow subsidiaries *(Note 28 (ii))*	**964**	895
	19,745	20,670

The ageing of the amounts due to fellow subsidiaries arising from related-party transactions, by invoice date, is within 180 days. They are unsecured, non-interest bearing and with normal credit terms from 30 days to 180 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

(Continued)

At 31st March 2018 and 2017, the ageing analysis of the trade payables by invoice date is as follows:

	2018 HK$'000	2017 HK$'000
0 to 60 days	**2,321**	1,972
61 to 120 days	**990**	150
121 to 180 days	**84**	35
Over 180 days	**22**	–
	3,417	2,157

18 DEFERRED INCOME TAX ASSETS

The analysis of deferred tax assets is as follows:

	2018 HK$'000	2017 HK$'000
Deferred income tax assets		
— to be recovered within 12 months	**–**	–
— to be recovered after 12 months	**–**	–
	–	–

The movements on deferred income tax during the year are as follows:

	Accelerated tax depreciation HK$'000
At 1st April 2016	30
Charged to the consolidated income statement *(Note 22)*	(30)
Currency translation difference	–
At 31st March 2017	–
At 1st April 2017	**–**
Charged to the consolidated income statement *(Note 22)*	**–**
Currency translation difference	**–**
At 31st March 2018	**–**

No deferred income tax liabilities have been recognised for the withholding tax and other taxes that would be payable on unremitted earnings of certain subsidiaries for the years ended 31st March 2017 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 DEFERRED INCOME TAX ASSETS *(Continued)*

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$15,438,000 (2017: HK$11,176,000) in respect of losses of HK$92,515,000 (2017: HK$67,734,000) that can be carried forward against future taxable income. These tax losses have not been recognised due to uncertainty of their future recoverability.

The expiry dates of these tax losses are shown as follows:

	2018 HK$'000	2017 HK$'000
Expiring in the first to fifth year	**22,011**	21,173
With no expiry date	**70,504**	46,561
	92,515	67,734

19 LONG SERVICE PAYMENT OBLIGATIONS

The provision for long service payment represents the present value of the obligation to make such payment. Current service costs and interest on obligation were recognised during the year and included in employee benefit expense (Note 21).

The amount recognised in the consolidated statement of financial position is as follows:

	2018 HK$'000	2017 HK$'000
Present value of the unfunded long service payment obligations	**50**	72

The long service payment obligations are repayable over five years (2017: five years).

The movements during the year include the offsetting of current service costs and interest on obligation against long service payment made during the year. The movements of present value of long service payment obligations are as follows:

	2018 HK$'000	2017 HK$'000
At 1st April	**72**	114
Current service cost	**7**	8
Actuarial losses/(gains) on obligations	**322**	(50)
Actual benefits paid	**(351)**	–
At 31st March	**50**	72

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 LONG SERVICE PAYMENT OBLIGATIONS *(Continued)*

The amounts recognised in consolidated statement of comprehensive income are as follows:

	2018 **HK$'000**	2017 HK$'000
Cumulative amount of actuarial losses at beginning of the year	**(27)**	(77)
Actuarial (losses)/gains during the year	**(322)**	50
Cumulative amount of actuarial losses at the end of the year	**(349)**	(27)

The principal actuarial assumptions used are as follows:

	2018	2017
Discount rate (%)	**2.0**	2.0
Expected inflation rate (%)	**2.5**	2.5

20 EXPENSES BY NATURE

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

	2018 **HK$'000**	2017 HK$'000
Paper consumed	**6,162**	10,330
Printing costs	**10,716**	12,835
Depreciation of property, plant and equipment *(Note 6)*	**969**	1,473
Amortisation of intangible assets *(Note 7)*	**1,126**	2,706
Employee benefit expense (including directors' emoluments) *(Note 21)*	**63,912**	61,809
Occupancy costs	**4,331**	4,424
(Gain)/loss on disposal of property, plant and equipment *(Note 26)*	**(111)**	2
Provision for impairment on property, plant and equipment *(Note 6)*	**149**	272
Bad debts written off	**15**	–
Auditor's remuneration	**1,027**	1,228
Support service fee	**5,679**	6,132
Licence fee and royalty charges	**2,517**	2,140
Advertising and promotion expenses	**3,853**	3,829
Distribution costs	**1,152**	1,407
Sales commission	**2,676**	1,728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS

	2018 **HK$'000**	2017 HK$'000
Wages and salaries	**59,187**	56,924
Social security costs *(Note (a))*	**1,612**	1,417
Pension costs — defined contribution plans and MPF	**2,115**	2,084
Staff welfare and allowances	**998**	1,384
	63,912	61,809

(a) Social security costs

All employees of the subsidiaries of the Company in the PRC excluding Hong Kong who are PRC citizen participate in employee social security plans enacted in the PRC, including pension, medical and other welfare benefits, which are organised and administrated by the governmental authorities. According to the relevant regulations, the Group contributes on a monthly basis based on certain percentages of the salaries of the employees, subject to a certain ceiling, and are paid to the labour and social welfare authorities. Contributions to the plans are expensed as incurred.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2017: one) director whose emoluments are reflected in the analysis presented in Note 23. The emoluments payable to the remaining four (2017: four) individuals during the year are as follows:

	2018 **HK$'000**	2017 HK$'000
Basic salaries, other allowances and benefits in kind	**6,698**	4,598
Bonuses	**288**	148
Contributions to pension scheme	**111**	80
	7,097	4,826

The emoluments of the four (2017: four) remaining individuals fell within the following bands:

	Number of individuals	
	2018	2017
Emolument bands		
HK$500,000–HK$1,000,000	**1**	1
HK$1,000,001–HK$1,500,000	**2**	2
HK$1,500,001–HK$2,000,000	**1**	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit during the year ended 31st March 2018.

No provision for the PRC current enterprise income tax has been made as the Group has unutilised tax losses to offset the assessable profits generated in the PRC during the years ended 31st March 2018 and 2017.

	2018 HK$'000	2017 HK$'000
Hong Kong profits tax		
— Current income tax	**220**	884
— Under provision in prior year	**–**	652
Deferred income tax *(Note 18)*		
— Current deferred income tax charge	**–**	30
	220	1,566

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2018 HK$'000	2017 HK$'000
Loss before income tax	**20,330**	60,453
Tax calculated at domestic tax rates applicable to profits in the respective countries *(Note)*	**(3,939)**	(9,993)
Effects of		
— Income not subject to tax	**(4,440)**	(700)
— Expenses not deductible for tax purposes	**3,684**	7,579
— Tax losses for which no deferred income tax asset was recognised	**4,878**	5,078
— Temporary differences not recognised	**37**	43
— Utilisation of previously unrecognised tax losses	**–**	(1,123)
— De-recognition of deferred tax assets arising from previously recognised tax loss	**–**	30
— Under provision in prior year	**–**	652
Income tax expense	**220**	1,566

Note: The weighted average applicable tax rate was 19.4% (2017: 16.1%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the Directors is set out below respectively:

For the year ended 31st March 2018

Name of Director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Estimated money value of other benefits HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Non-executive Directors						
Ms. TIONG Choon#1	43	–	–	–	–	43
Tan Sri Datuk Sir TIONG Hiew King	87	–	–	–	–	87
Executive Directors						
Mr. TIONG Kiew Chiong	130	–	–	–	–	130
Mr. LAM Pak Cheong	130	1,876	63	8	18	2,095
Independent non-executive Directors						
Mr. YU Hon To, David	180	–	–	–	–	180
Mr. YANG, Victor	140	–	–	–	–	140
Mr. LAU Chi Wah, Alex	150	–	–	–	–	150

#1 Ms. TIONG Choon was appointed as a non-executive Director with effect from 1st December 2017.

For the year ended 31st March 2017

Name of Director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Estimated money value of other benefits HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Non-executive Director						
Tan Sri Datuk Sir TIONG Hiew King	130	–	–	–	–	130
Executive Directors						
Mr. TIONG Kiew Chiong	130	–	–	–	–	130
Mr. LAM Pak Cheong	130	1,876	63	8	18	2,095
Independent non-executive Directors						
Mr. YU Hon To, David	180	–	–	–	–	180
Mr. YANG, Victor	140	–	–	–	–	140
Mr. LAU Chi Wah, Alex	150	–	–	–	–	150

Tan Sri Datuk Sir TIONG Hiew King voluntarily waived his entitlement to the director's fee during the period from 1st December 2017 to 31st March 2018 in the amount of HK$43,333.

Saved as disclosed above, there was no arrangement during the years ended 31st March 2018 and 2017 under which a Director waived or agreed to waive any remuneration, and no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(b) Directors' termination benefits

None of the directors received any termination benefits during the years ended 31st March 2018 and 2017.

(c) Consideration provided to third parties for making available directors' services

During the years ended 31st March 2018 and 2017, the Company did not pay consideration to any third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors

As at 31st March 2018 and 2017, there are no loans, quasi-loans and other dealing arrangements in favour of directors, bodies corporate controlled by and entities connected with such directors.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of 31st March 2018 and 2017 or at any time during the years ended 31st March 2018 and 2017.

24 LOSS PER SHARE

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

	2018 **HK$'000**	2017 HK$'000
Loss attributable to owners of the Company	**20,550**	62,019
Number of ordinary shares in issue *(in thousands)*	**400,900**	400,900
Basic and diluted loss per share *(HK cents per share)*	**5.1**	15.5

The diluted loss per share was the same as the basic loss per share as there was no dilutive potential share in issue for the year ended 31st March 2018 and 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 DIVIDENDS

The Board of Directors did not recommend the payment of dividend for the year ended 31st March 2018 and 2017.

26 CASH GENERATED FROM OPERATIONS

	2018 HK$'000	2017 HK$'000
Loss before income tax	**(20,330)**	(60,453)
Adjustments for:		
— Depreciation of property, plant and equipment	**969**	1,473
— Amortisation of intangible assets	**1,126**	2,706
— (Gain)/loss on disposal of property, plant and equipment	**(111)**	2
— Provision for impairment on property, plant and equipment	**149**	272
— Provision for impairment on trademarks	**19,034**	38,420
— Interest income	**(234)**	(236)
— Reversal of allowance for receivables impairment	**–**	(305)
— Bad debts written off	**15**	–
— Gain on deemed disposal of investment in an associate	**(21,317)**	–
— Foreign currency translation gain/(loss) on operating activities	**27**	(421)
— Costs related to long service payment scheme	**7**	8
— Share of results of joint ventures and associates	**(618)**	(3,372)
Changes in working capital:		
— Inventories	**3,280**	1,481
— Trade and other receivables	**4,521**	12,729
— Amounts due from fellow subsidiaries	**26**	10
— Amounts due to fellow subsidiaries	**69**	(204)
— Trade and other payables	**(994)**	(2,688)
Cash used in operations	**(14,381)**	(10,578)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 CASH GENERATED FROM OPERATIONS *(Continued)*

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2018 **HK$'000**	2017 HK$'000
Property, plant and equipment — net book value *(Note 6)*	**9**	2
Gain/(loss) on disposal of property, plant and equipment	**111**	(2)
Proceeds from disposal of property, plant and equipment	**120**	–

27 COMMITMENTS

Operating lease commitments — group as lessee

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 **HK$'000**	2017 HK$'000
No later than 1 year	**2,494**	3,324
Later than 1 year and no later than 5 years	**–**	2,553
	2,494	5,877

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 RELATED-PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

(i) During the year ended 31st March 2018, the Group entered into the following transactions with fellow subsidiaries, a JV and an associate:

	Note	**2018** **HK$'000**	2017 HK$'000
Circulation support services charges	*a*	**875**	843
Library services charges	*b*	**101**	162
Administrative support and IS programming support services charges	*c*	**5,679**	6,132
Charges for leasing and licensing of office space, storage space and parking spaces	*d*	**2,578**	2,576
Ticketing and accommodation expenses	*e*	**288**	409
Barter advertising expenses	*f*	**844**	994
Barter advertising income	*g*	**(844)**	(994)
Type-setting, colour separation and film making expenses	*h*	**–**	78
Promotion expenses	*i*	**10**	10
Pension costs — defined contribution plans	*j*	**2,104**	2,060
Service income	*k*	**(1,200)**	(780)
Dividend income	*l*	**(2,200)**	(3,500)
Content providing and video production income	*m*	**–**	(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 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.

(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 cost 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 RELATED-PARTY TRANSACTIONS *(Continued)*

(i) During the year ended 31st March 2018, the Group entered into the following transactions with fellow subsidiaries, a JV and an associate: *(Continued)*

Notes: (Continued)

(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 its employees' salaries.

(k) This represents accounting servicing income in accordance with agreements entered into with an associate of the Company. It is charged at a pre-determined rate calculated by references to the prevailing market rates.

(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 represents content supply income and video production income received from a JV, Connect Media Company Limited, in accordance with the agreements entered into with it at arm's length basis.

(ii) The balances at 31st March 2018 and 31st March 2017 arising from the related party transactions as disclosed in Note 28 (i) above are as follows:

	2018 **HK$'000**	2017 HK$'000
Amounts due from fellow subsidiaries *(Note 13)*	**3**	29
Amounts due to fellow subsidiaries *(Note 17)*	**(964)**	(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

	2018 **HK$'000**	2017 HK$'000
Salaries and other short-term employee benefits	**3,776**	3,746
Contributions to pension scheme	**36**	36
	3,812	3,782

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

		As at 31st March	
	Note	**2018 HK$'000**	2017 HK$'000
ASSETS			
Non-current asset			
Interests in and amounts due from subsidiaries		**219,562**	75,764
Current assets			
Other receivables		**30**	70
Cash and cash equivalents		**5,082**	11,087
Total current assets		**5,112**	11,157
Total assets		**224,674**	86,921
EQUITY			
Capital and reserves			
Share capital		**401**	401
Share premium		**457,543**	457,543
Other reserves	*(a)*	**11,143**	11,143
Accumulated losses	*(a)*	**(244,744)**	(386,275)
Total equity		**224,343**	82,812
LIABILITY			
Current liabilities			
Other payables		**331**	4,109
Total current liabilities		**331**	4,109
Total liabilities		**331**	4,109
Total equity and liabilities		**224,674**	86,921

The statement of financial position of the Company was approved by the Board of Directors on 30th May 2018 and was signed on its behalf

TIONG Kiew Chiong
Director

LAM Pak Cheong
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Note:

(a) Reserve movement of the Company

	Employee share-based payment reserve HK$'000	Convertible bond-equity component HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
At 1st April 2016	5,929	5,214	100,192	111,335
Loss for the year	–	–	(486,467)	(486,467)
At 31st March 2017	5,929	5,214	(386,275)	(375,132)
At 1st April 2017	**5,929**	**5,214**	**(386,275)**	**(375,132)**
Profit for the year	**–**	**–**	**141,531**	**141,531**
At 31st March 2018	**5,929**	**5,214**	**(244,744)**	**(233,601)**

FIVE-YEAR FINANCIAL SUMMARY

The results of the Group for the last five financial years are as follows:

	For the year ended 31st March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**100,047**	104,094	137,247	179,248	203,352
(Loss)/profit attributable to the owners of the Company	**(20,550)**	(62,019)	(15,605)	(11,072)	28,646
Basic (loss)/earnings per share	**(HK5.1 cents)**	(HK15.5 cents)	(HK3.9 cents)	(HK2.8 cents)	HK7.2 cents

The assets and liabilities of the Group for the last five financial years are as follows:

	As at 31st March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**1,753**	2,006	2,598	3,699	5,108
Intangible assets	**5,173**	25,302	66,268	68,986	74,291
Available-for-sale financial asset	**70,470**	–	–	–	–
Investments accounted for using the equity method	**1,115**	5,680	5,808	6,172	31,636
Deferred income tax assets	**–**	–	30	3,149	3,114
Current assets	**52,975**	72,806	97,681	189,458	185,761
Current liabilities	**(19,745)**	(20,670)	(24,498)	(28,216)	(32,879)
Convertible bond	**–**	–	–	(75,508)	–
Net current assets	**33,230**	52,136	73,183	85,734	152,882
Total assets less current liabilities	**111,741**	85,124	147,887	167,740	267,031
Convertible bond	**–**	–	–	–	(74,024)
Deferred income tax liabilities	**–**	–	–	(195)	(335)
Long service payment obligations	**(50)**	(72)	(114)	(50)	(16)
Capital and reserves attributable to the owners of the Company	**111,691**	85,052	147,773	167,495	192,656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