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

ANNUAL REPORT 2018/2019
二〇一八至二〇一九年年報

萬華
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CORPORATE INFORMATION

NON-EXECUTIVE DIRECTOR
Ms. TIONG Choon *(Chairman)*

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

CHAIRMAN'S STATEMENT

Ms. TIONG Choon
Chairman

The year under review has been a challenging year for One Media Group Limited (the "Company"). In 2018, Hong Kong's GDP grew by 3.0% compared with the growth rate of 3.8% in 2017. The sluggish economic conditions have affected advertising spending and consumer confidence.

Nevertheless, we have not side tracked but remain steadfast in our quest to embrace the digital changes in media industry and continue to work at re-inventing advertising solutions and re-training our employees to cope with the changes.

BUSINESS HIGHLIGHTS

In the financial year under review, MING's debuted as a stand alone title and is well positioned as a high-end fashion and beauty media platform in the industry. Besides, the Group's artiste management business achieved progressive results when two of its artists won awards in the 2018 Good Night Show — King Maker and CM Queen, respectively, hosted by ViuTV.

CONTENT AND REVENUE

The Group continues to encourage feedback from stakeholders on how we can deliver credible, quality content, services and products. For the year under review, the Company had revamped MP Weekly and enriched its content especially in the areas of arts, cultural and social. TopGear's self-curated video continues to attract viewers. Meanwhile, MING Watch continues to expand its content coverage.

Leveraging on all these high quality and credible content, the Group continues to engage advertisers across various platforms including both print and digital. In this financial year, it had further improved its digital design and technical development. In addition, the Group has reallocated resources to strengthen its in-house creative business solutions team and video production team. The Group is ready to manage all these resources to provide commercial solutions to all advertisers who may not be its traditional advertisers.

CHAIRMAN'S STATEMENT

RESOURCES AND INVESTMENTS

The Group has continuously adopted various measures to reduce costs and enhance efficiency. For example, existing manpower has been redeployed and retrained to meet the development of digital business. Further, optimisation of manpower is achieved through employees multi-tasking and taking on additional duties. As part of its cost containment efforts, the Group has disposed of its Mainland China operation, namely Beijing OMG Advertising Company Limited and Beijing Times Resource Technology Consulting Limited, to the local management.

The Group will continue to streamline its non-core assets, seeking investment in new and strategic businesses to enhance business and operational synergies, particularly on the digital media platform.

APPRECIATION

I would like to take this opportunity to thank our readers, advertisers, shareholders and business partners for their trust and support over the years. We also thank our staff for their contributions to the Group.

TIONG Choon
Chairman

Hong Kong, 28th May 2019

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

Hong Kong's GDP grew by 3.0% in 2018 compared with the growth rate of 3.8% in 2017. The Group's turnover from continuing operations for the year ended 31st March 2019 increased by 3.8% compared with 2018 from HK$94,971,000 to HK$98,600,000. The loss after tax was reduced by 41% to HK$12,107,000 compared to the previous year's HK$20,550,000 loss. In last financial year, there was 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 giving rise to a net gain of HK$2,283,000. Excluding this net gain of HK$2,283,000, the loss from continuing operations for last financial year was HK$14,809,000 compared to a loss from continuing operations of HK$5,429,000 for this financial year.

REVIEW OF OPERATIONS

Entertainment and Lifestyle Operation

Turnover for the entertainment and lifestyle operations increased by 4.5% to HK$81,461,000 compared to last fiscal year. Segment results were profit of HK$2,746,000 compared to loss of HK$6,518,000 in last financial year. The improvement was mainly due to the improvement in digital advertising income and savings in operating costs.

"*Ming Pao Weekly 明周*" ("MP Weekly") continues to maintain its position as a popular entertainment and cultural title on both print and digital platforms in Hong Kong. The publication was revamped in March 2019 with refreshing content and layout to give a new look to readers. MP Weekly celebrated its 50th anniversary last year with a record turnout for the anniversary party.

"*Ming's*" was published as a separate publication since March 2018. Its debut as a high-end fashion and beauty media brand was well received in the industry and the sale of its creative advertisement solutions in both print and digital platforms was encouraging.

The Group continues to develop the business of organising marketing events for advertisers, government and other organisations to diversify its revenue stream.

Watch and Car Operation and Others

Watch and car operation and others segment turnover increased marginally from HK$17,018,000 by 0.7% to HK$17,139,000 compared to last financial year. Segment loss was HK$1,453,000 compared to HK$3,627,000 in last financial year. The improvement was mainly due to the savings in operating costs.

"*TopGear 極速誌*" ("TopGear") is a leading automobile title with a Hong Kong edition and a Taiwan edition, respectively, backed by an international publication . Its self-curated videos continue to be its readers' favorite. The revenue from TopGear has slightly improved for the financial year in review.

"*MING Watch 明錶*" ("Ming Watch") is a professional high-end watch title offering feature stories while covering the latest industry trends in Hong Kong. Based on its Hong Kong operations, it had extended its business to Taiwan under the name of "*MING Watch Plus 明錶+*" ("MW+"), focusing on not just watches but also men's lifestyle content. The performance of both Ming Watch and MW+ was impacted by the slowdown of the luxury watch retail market in the financial year.

ST Productions Limited is engaged in artist management, event management, and music production and distribution. During the year, one of its artists participated in the 2018 "Good Night Show — King Maker" hosted by ViuTV, and won the grand final as a runner-up. He became a member of MIRROR boy band, which was his debut into the entertainment community. Another artist took part in ViuTV's "Good Night Show — CM Queen" and won the competition in 2018. This may enhance her participation in more commercial performance.

MANAGEMENT DISCUSSION AND ANALYSIS

DISCONTINUED OPERATION

As announced on 20th July 2018, the Group had ceased operation in Mainland China by disposing of Beijing OMG Advertising Company Limited and Beijing Times Resource Technology Consulting Limited.

SUSTAINABILITY

The Group sets sustainability measures in its operations to minimise its environmental impact while producing and delivering credible and quality contents, services and products. The Group continues to improve its sustainability efforts and constantly identify other material sustainability issues. In the environmental area, the usage of resources, such as water and electricity by the Group is monitored regularly. For social, the Group focuses on the training and development of its employees and implementing health and safety measures in its operations. It also looks into sound procurement practices and measures to ensure product reliability. Last but not least, the Group is committed to connect and contribute to the community in which it operates and enhances its reach to its customers and investors.

OUTLOOK

The latest Advertising Spending Projections Survey 2019 conducted by Nielsen in partnership with the Hong Kong Advertisers Association reported that 59% of the advertisers expect the Hong Kong economy to face downturn in 2019.

The Group expects the new financial year to remain challenging as the trade war between the United States and China continues to dampen commercial confidence. The Group will focus on improving its digital products and enhancing its digital advertisement offerings with creative methods. Meanwhile, the Group will continue to recruit new talents with the right skills to meet its demand for digital expansion. It will take steps to retrain and redeploy its employees to equip them with new skills and expand their scope of work to improve operational efficiency. It will also continue to look for ways to contain cost and improve operational efficiency. The Group hopes these efforts will bring better results and meet the rapid changes on the media sector.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31st March 2019, the Group's net current assets amounted to HK$23,690,000 (2018: HK$33,230,000) and the total equity attributable to the equity holders of the Company was HK$54,052,000 (2018: HK$111,691,000). The Group had no bank borrowings (2018: 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 equity holders plus net debt, was zero at 31st March 2019 and 2018.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's revenues and costs are mainly denominated in Hong Kong dollars. The Group does not foresee any substantial risks from exposure to fluctuation in exchange rates.

CONTINGENT LIABILITIES

As at 31st March 2019, the Group did not have any material contingent liabilities or guarantees (2018: Nil).

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.

TREASURY POLICY

The Group's treasury policy has in place its principal objectives to pursue 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 2019 and 2018, none of the Group's assets were pledged to secure any banking facilities.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 31st March 2019, the Group did not have any material capital commitments (31st March 2018: Nil).

CAPITAL STRUCTURE

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the year ended 31st March 2019.

CLOSURE OF THE REGISTER OF THE MEMBERS

The registers of the Company will be closed from Thursday, 8th August 2019 to Tuesday, 13th August 2019, 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 7th August 2019.

EMPLOYEES

As at 31st March 2019, the Group has approximately 152 employees (2018: 193 employees). 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.

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 2019.

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 14 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 2019 is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report" and "Five-Year Financial Summary" on pages 3 to 4, pages 7 to 9, pages 17 to 28, and page 88 respectively of this Annual Report and the Environmental, Social and Governance Report of the Company.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 33. During the year ended 31st March 2019 and 31st March 2018, 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 20 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31st March 2019, including the share premium, available for distribution, calculated in accordance with the provisions of Companies Law of the Cayman Islands, amounted to HK$97,661,000 (2018: HK$212,799,000).

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.

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 88.

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)*
Tan Sri Datuk Sir TIONG Hiew King# (resigned on 1st April 2019)
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. TIONG Kiew Chiong, Mr. YANG, Victor and Mr. LAM Pak Cheong will retire by rotation at the forthcoming annual general meeting but, being eligible, offer themselves 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 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. Ms. TIONG Choon has entered into letter 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 29 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 Director

TIONG Choon, aged 50, 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.

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, Mr. TIONG Kiew Chiong is the Deputy Chairman and an executive Director of the Company.

REPORT OF THE DIRECTORS

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

Executive Directors

TIONG Kiew Chiong, aged 59, 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. Both Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King are substantial Shareholders of the Company. Ms. TIONG Choon is the Chairman and a non-executive Director of the Company.

LAM Pak Cheong, aged 50, 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 71, 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 2019, 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 73, 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.

REPORT OF THE DIRECTORS

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

Independent non-executive Directors *(Continued)*

LAU Chi Wah, Alex, aged 55, 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 2019, 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 62, 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 over 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 51, 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 2019, 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 (resigned on 1st April 2019)	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 15.

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 (resigned on 1st April 2019)	87,109,058	234,566	793,140,670 *(Note)*	880,484,294	52.19%
Mr. TIONG Kiew Chiong	3,655,539	–	–	3,655,539	0.22%

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 793,140,670 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 2019, 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 2019, 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 substantial shareholder of Media Chinese, is deemed interested in Media Chinese in an aggregate of 52.19% 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 16.25% 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 2019.

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.

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 2019 are disclosed in Note 29 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.

REPORT OF THE DIRECTORS

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 2019 and 2018.

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 dual-listed company in Hong Kong and Malaysia. It is an investment holding company which principal activities include 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 substantial Shareholder of the Company, 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.

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, 28th May 2019

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.

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 2019.

THE BOARD OF DIRECTORS

Composition and function

The Board of Directors currently comprises six Directors as follows:

Name of Director	**Title**
Non-executive Director	
Ms. TIONG Choon	Non-executive Director and Chairman
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 11 to 13.

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 Director 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 the Executive Committee.

CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS *(Continued)*

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.

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 11. 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.

CORPORATE GOVERNANCE REPORT

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.

The main duties of the Executive Committee 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.

The remuneration of all Directors are set out in Note 9 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. 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.

CORPORATE GOVERNANCE REPORT

GOVERNANCE STRUCTURE *(Continued)*

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 addition, it has assessed the independence of independent non-executive Directors and concludes that all independent non-executive Directors have complied with the independence criteria under the Listing Rules.

The Nomination Committee has adopted a nomination policy (the "Nomination Policy") which sets out the procedure and criteria for the selection, appointment and reappointment of directors. The selection criteria that the Nomination Committee has to consider in evaluating and selecting a candidate for directorship include the following:

(a) character and integrity;

(b) qualifications including professional and education qualifications, skills, knowledge, expertise and experience that are relevant to the Company's business and corporate strategy;

(c) commitment and willingness to devote sufficient time to discharge duties as a member of the Board;

(d) Board Diversity Policy and any measurable objectives adopted for achieving diversity on the Board; and

(e) such other perspectives appropriate to the Company's business or as suggested by the Board.

The procedure for the appointment and reappointment of a director is summarised as follows:

(a) Nomination by the Nomination Committee

(i) The Nomination Committee reviews the structure, size and composition (including the balance mix of skills, knowledge and experience) of the Board periodically and makes recommendation on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) When it is necessary to fill a causal vacancy or appoint an additional director, the Nomination Committee identifies or selects candidates as recommended to the Committee, with or without assistance from external agencies or the Company, pursuant to the criteria set out in the Nomination Policy;

(iii) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);

(iv) The Nomination Committee makes recommendation to the Board including the terms and conditions of the appointment; and

(v) The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee.

CORPORATE GOVERNANCE REPORT

GOVERNANCE STRUCTURE *(Continued)*

3. Nomination Committee *(Continued)*

(b) Re-election of Director at Annual General Meeting

(i) In accordance with the Company's articles of association, every director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election at each annual general meeting;

(ii) The Nomination Committee shall review the overall performance and contribution of the retiring director to the Company. The Nomination Committee shall also review the expertise and professional qualifications of the retiring director, who offered himself/herself for re-election at the annual general meeting, to determine whether such director continues to meet the criteria as set out in the Nomination Policy;

(iii) Based on the review made by Nomination Committee, the Board shall make recommendations to shareholders on candidates standing for re-election or reappointment at the annual general meeting of the Company, and provide the available biographical information of the retiring directors in accordance with the Listing Rules to enable shareholders to make the informed decision on the re-election of such candidates at annual general meeting of the Company.

(c) Nomination by shareholders

The shareholders of the Company may propose a person for election as a director in accordance with the articles of association of the Company and applicable law, details of which are set out in the "Procedures for Shareholders to Propose a Person for Election as a Director" on the Company's website at www.omghk.com and paragraph "Shareholders' Right" in the Corporate Governance Report on page 28.

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.

CORPORATE GOVERNANCE REPORT

GOVERNANCE STRUCTURE *(Continued)*

4. Audit Committee *(Continued)*

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 2019, the interim report for the six months ended 30th September 2018 and the quarterly financial reports for the quarters ended 30th June 2018, 30th September 2018, 31st December 2018 and 31st March 2019;

(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 2019;

(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 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.

CORPORATE GOVERNANCE REPORT

TRAINING FOR DIRECTORS

The Company continuously provides updates to the Directors with the latest developments and changes to the Listing Rules and other applicable regulatory requirements and provides training to improve 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 (resigned on 1st April 2019)	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.

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 2019 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 8 and 9 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:

Name of Director	General Meeting	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
Ms. TIONG Choon	1/1	4/4	N/A	N/A	N/A
Tan Sri Datuk Sir TIONG Hiew King (resigned on 1st April 2019)	0/1	0/4	N/A	N/A	N/A
Mr. TIONG Kiew Chiong	1/1	4/4	N/A	1/1	1/1
Mr. LAM Pak Cheong	1/1	4/4	N/A	N/A	N/A
Mr. YU Hon To, David	1/1	4/4	4/4	1/1	1/1
Mr. YANG, Victor	1/1	4/4	4/4	1/1	1/1
Mr. LAU Chi Wah, Alex	1/1	4/4	4/4	1/1	1/1

CORPORATE GOVERNANCE REPORT

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.

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.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy ("Board Diversity Policy") which 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.

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.

DIVIDEND POLICY

The Company adopted a dividend policy (the "Dividend Policy") which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its profits as dividend to the Shareholders provided that there are distributable profits and the normal operations of the Group are not affected. In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into consideration the Group's actual and expected financial performance during the year, the financial situation and liquidity of the Group, the investment plans and the Group's excepted working capital requirements, as well as other factors that the Board of Directors may consider relevant. The payment of dividend is also subject to compliance with applicable rules and regulations under the laws of Cayman Islands, the laws of Hong Kong and the articles of association of the Company.

CORPORATE GOVERNANCE REPORT

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 2019. During the year, PwC and its other member firms provided the following audit services to the Group:

	HK$'000
Audit services (including interim review)	911
Non-audit services	100

Total audit services fee provided by other external auditors/audit firms to the subsidiaries of the Group was approximately HK$23,000.

PwC will retire and offer itself for re-appointment at the annual general meeting of the Company to be held in August 2019. 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 29 to 32.

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 2019.

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.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

1. Risk management *(Continued)*

(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.

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.

CORPORATE GOVERNANCE REPORT

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 2018. 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.

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.

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 33 to 87, which comprise:

- the consolidated statement of financial position as at 31st March 2019;
- 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 2019, 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.

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.

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INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Carrying value of trademark related to the cash-generating unit of publishing Ming Pao Weekly ("MP Weekly") Refer to note 4 (Critical accounting estimates) and note 13 (Intangible assets) to the consolidated financial statements. As at 31st March 2019, the carrying value of the Group's trademark within the cash-generating-unit ("CGU") of publishing MP Weekly amounting to HK$4.8 million, representing initial recognition of HK$75.6 million, an accumulated amortisation of HK$13.3 million and accumulated provision of impairment of HK$57.5 million. During the year ended 31st March 2019, no provision of impairment was charged to or reversal of provision of impairment credited to the consolidated income statement (For the year ended 31st March 2018: provision of impairment amounting to HK$19.0 million.) Management exercises judgement in identifying indicators for further impairment provision or reversal of previous impairment loss. If any indicator exists, management would perform assessment and exercise judgement in determining relevance of estimates and other information used to assess whether any further impairment provision or reversal of previous impairment loss is required. Based on the assessment, there was an indication for reversing the previous impairment loss since the economic performance of MP Weekly was better than expected while there was no further impairment provision indicator was identified. Management further exercised judgement in determining if there was changes in the estimates, including (i) printed advertising revenue growth rate; (ii) digital advertising revenue growth rates; (iii) circulation revenue growth rate; and (iv) discount rate, which were used to determine the asset's recoverable amount since the last impairment loss was recognised, would support a reversal of previous impairment loss. Based on the assessment, management has concluded that there was no change in the estimates to support a reversal of previous impairment loss. We focused on this area due to the significance of the carrying amount of the trademark of the CGU of publishing MP Weekly to the consolidated statement of financial position and high level of judgements required by management in identifying impairment indicators for assessing further impairment provision or change in estimates to support a reversal of previous impairment loss at the date of consolidated statement of financial position.	In the evaluation of management's assessment over the carrying amount of trademark related to the CGU of publishing MP Weekly, we have performed the following procedures: — Understanding and evaluating the Group's procedures regarding the identification of indicators for further impairment provision or reversal of previous impairment loss; — Challenging with management's assessment for any significant changes in external environment in the related market which may result in changes in the return on assets; — Assessing the reasonableness of the management's conclusion that there was no changes in the methodology adopted in the discounted cash flows model in determining recoverable amount of the CGU since the last impairment loss was recognised; — Assessing the reasonableness of the management's conclusion that there was no changes in estimates to support a reversal of previous impairment loss by comparing the growth rates and discount rate to historical performance and business plan, as well as benchmarking against industry forecast and comparable companies. Based on the above procedures performed, we found the carrying amount of HK$4.8 million to be supportable by the available evidence.

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 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.

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

INDEPENDENT AUDITOR'S REPORT

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

- 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 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 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, 28th May 2019

CONSOLIDATED INCOME STATEMENT

Year ended 31st March

	Note	**2019 HK$'000**	2018 HK$'000 (Restated)
Continuing operations			
Turnover	*5*	**98,600**	94,971
Cost of goods sold		**(61,652)**	(61,344)
Gross profit		**36,948**	33,627
Other income	*5*	**1,454**	2,171
Gain on deemed disposal of investment in an associate		**–**	21,317
Selling and distribution expenses		**(20,652)**	(23,681)
Administrative expenses		**(22,967)**	(27,324)
Provision for impairment on trademarks	*13*	**–**	(19,034)
Operating loss		**(5,217)**	(12,924)
Share of results of joint ventures and associates	*7*	**–**	618
Loss before income tax		**(5,217)**	(12,306)
Income tax expense	*10*	**(212)**	(220)
Loss for the year from continuing operations		**(5,429)**	(12,526)
Loss for the year from discontinued operation (attributable to equity holders of the company)	*11*	**(6,678)**	(8,024)
Loss for the year		**(12,107)**	(20,550)
Loss attributable to:			
— Owners of the Company			
— from continuing operations		**(5,429)**	(12,526)
— from discontinued operation		**(6,678)**	(8,024)
		(12,107)	(20,550)
Non-controlling interests		**–**	–
		(12,107)	(20,550)
Loss per share attributable to owners of the Company for the year (expressed in HK cents per share)			
— from continuing operations		**(1.3)**	(3.1)
— from discontinued operation		**(1.7)**	(2.0)
Basic and diluted	*25*	**(3.0)**	(5.1)

The notes on pages 39 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March

	Note	2019 HK$'000	2018 HK$'000 (Restated)
Loss for the year		**(12,107)**	(20,550)
Other comprehensive income/(loss):			
Items that have been reclassified or may be reclassified subsequently to profit or loss			
Release of currency translation reserve upon disposal of subsidiaries		**1,682**	–
Currency translation differences		**(607)**	1,341
Fair value gain on available-for-sale financial asset		**–**	46,170
Items that will not be reclassified to profit or loss			
Changes in fair value on financial asset at fair value through other comprehensive income	*15*	**(46,575)**	–
Actuarial loss on long service payment obligations	*24*	**(32)**	(322)
Total comprehensive (loss)/income for the year		**(57,639)**	26,639
Total comprehensive (loss)/income for the year attributable to:			
— Owners of the Company arises from:			
Continuing operations		**(56,583)**	39,050
Discontinued operation		**(1,056)**	(12,411)
		(57,639)	26,639
Non-controlling interests		**–**	–
		(57,639)	26,639

The notes on pages 39 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**1,627**	1,753
Intangible assets	*13*	**4,894**	5,173
Available-for-sale financial asset		**–**	70,470
Financial asset at fair value through other comprehensive income	*15*	**23,895**	–
Investments accounted for using the equity method	*7*	**–**	1,115
Total non-current assets		**30,416**	78,511
Current assets			
Inventories	*16*	**482**	1,406
Trade and other receivables	*18*	**16,811**	20,800
Amount due from a fellow subsidiary	*18*	**–**	3
Income tax recoverable		**391**	1,005
Cash and cash equivalents	*19*	**22,843**	29,761
Total current assets		**40,527**	52,975
Total assets		**70,943**	131,486
EQUITY			
Equity attributable to owners of the Company			
Share capital	*20*	**401**	401
Share premium	*20*	**457,543**	457,543
Other reserves	*21*	**(324,805)**	(279,273)
Accumulated losses		**(79,087)**	(66,980)
Total equity		**54,052**	111,691

The notes on pages 39 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	2019 HK$'000	2018 HK$'000
LIABILITIES			
Non-current liabilities			
Long service payment obligations	*24*	**54**	50
Total non-current liabilities		**54**	50
Current liabilities			
Trade and other payables	*22*	**12,620**	18,781
Contract liabilities	*5*	**3,116**	–
Amounts due to fellow subsidiaries	*22*	**1,101**	964
Total current liabilities		**16,837**	19,745
Total liabilities		**16,891**	19,795
Total equity and liabilities		**70,943**	131,486

The notes on pages 39 to 87 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 33 to 87 were approved by the Board of Directors on 28th May 2019 and were signed on its behalf

TIONG Kiew Chiong
Director

LAM Pak Cheong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st March

	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 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
At 1st April 2018	**401**	**457,543**	**(279,273)**	**(66,980)**	**111,691**	**–**	**111,691**
Comprehensive income							
Loss for the year	**–**	**–**	**–**	**(12,107)**	**(12,107)**	**–**	**(12,107)**
Other comprehensive income/(loss)							
Currency translation differences	**–**	**–**	**(607)**	**–**	**(607)**	**–**	**(607)**
Release of currency translation reserve upon disposal of subsidiaries	**–**	**–**	**1,682**	**–**	**1,682**	**–**	**1,682**
Actuarial loss on long service payment obligations	**–**	**–**	**(32)**	**–**	**(32)**	**–**	**(32)**
Change in fair value on financial asset at fair value through other comprehensive income	**–**	**–**	**(46,575)**	**–**	**(46,575)**	**–**	**(46,575)**
Total comprehensive loss for the year	**–**	**–**	**(45,532)**	**(12,107)**	**(57,639)**	**–**	**(57,639)**
At 31st March 2019	**401**	**457,543**	**(324,805)**	**(79,087)**	**54,052**	**–**	**54,052**

The notes on pages 39 to 87 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31st March

	Note	2019 HK$'000	2018 HK$'000
Cash flows from operating activities			
Cash used in operations	*27*	**(7,883)**	(14,381)
Hong Kong income tax refund		**402**	3,220
Net cash used in operating activities		**(7,481)**	(11,161)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(587)**	(855)
Purchase of intangible assets		**(11)**	(31)
Interest received		**114**	234
Dividend received		**1,034**	2,200
Proceeds from disposal of property, plant and equipment	*27*	**–**	120
Proceeds from disposal of subsidiaries		**69**	–
Proceeds from disposal of investment in joint ventures	*27*	**9**	–
Net cash generated from investing activities		**628**	1,668
Net decrease in cash and cash equivalents		**(6,853)**	(9,493)
Cash and cash equivalents at the beginning of the year		**29,761**	38,325
Currency translation (loss)/gain on cash and cash equivalents		**(65)**	929
Cash and cash equivalents at end of the year	*19*	**22,843**	29,761

The notes on pages 39 to 87 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 28th May 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial asset at fair value through other comprehensive income, which is measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time for their annual reporting period commencing on 1st April 2018:

Annual Improvements Project	Annual Improvements 2014–2016 Cycle (amendments)
IFRS 2	Classification and Measurement of Share-based Payment Transactions (amendments)
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (amendments)
IFRS 9	Financial Instruments (new standard)
IFRS 15	Revenue from Contracts with Customers (new standard)
IFRS 15	Clarifications to IFRS 15 (amendments)
IAS 40	Transfers of Investment Property (amendments)
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration (new interpretation)

The impact of the adoption of IFRS 9 and IFRS 15 are disclosed in note 2.2. The other standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(iv) *New standards and amendments to IFRS in issue but not yet effective*

The following new and amended standards and interpretations have been issued but not yet effective and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Annual Improvements Project	Annual Improvements 2015–2017 Cycle (amendments)	1st January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (amendments)	1st January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (amendments)	1st January 2019
IFRS 3	Definition of business	1st January 2019
IFRS 9	Prepayment Features with Negative Compensation (amendments)	1st January 2019
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined
IFRS 16	Leases (new standard)	1st January 2019
IFRS 17	Insurance Contracts (new standard)	1st January 2021
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments (new interpretation)	1st January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1st January 2020

IFRS 16 Leases

Nature of change

IFRS 16 was issued in January 2016. It will result in almost all major leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modification, amongst others. Under IFRS 16, principal portion of lease payments in relation to lease liability will be presented as financing cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(iv) New standards and amendments to IFRS in issue but not yet effective *(Continued)*

As at 31st March 2019, the Group had non-cancellable operating lease commitments of HK$7,116,000, see note 28.

A preliminary assessment of the other non-cancellable operating lease commitment indicates that these arrangements will meet the definition of a lease under IFRS 16, and the Group will recognise a right-of-use asset and corresponding liability in respect of all these leases upon the application of IFRS 16. In addition, the application of these new requirements may result in changes in to measurement, presentation and disclosures as indicated above. The Group has assessed the impact of the adoption of IFRS 16 on the Group's results and it is expected that right-of-use assets and lease liabilities of these lease commitments will be required to be recognised in the Group's consolidated statement of financial position.

The Group will apply the standard from its mandatory adoption date of 1st April 2019. 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 new, amended or revised IFRS and interpretations that are not yet effective and that would be expected to have a material impact on the Group.

2.2 Impact on the financial statements from the adoption of IFRS 9 and IFRS 15

This note explains the impact of the adoption of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from 1st April 2018, where they are different to those applied in prior years.

As explained in 2.2(a) below, IFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position as at 31st March 2018, but are recognised in the opening statement of financial position on 1st April 2018.

As explained in 2.2(b) below, the Group elects to use a modified retrospective approach for transition of IFRS 15 without restating comparative information. The Group recognised the cumulative effect of initially applying the revenue standard as an adjustment to the opening balance of accumulated losses.

(a) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of consolidated financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1st April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The new accounting policies are set out in note 2.10 below. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

There is no impact on the Group for accumulated losses as at 1st March 2018 and 1st March 2017 as the new requirements only affect the accounting for financial assets that are designated at FVTPL and the Group does not have such assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Impact on the financial statements from the adoption of IFRS 9 and IFRS 15 *(Continued)*

(a) *IFRS 9 Financial Instruments* *(Continued)*

(i) *Classification and measurement*

On 1st April 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models and contractual terms of the cash flows apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost. The main effects resulting from these reclassification changes on the Group's financial asset are as follows:

Reclassification from AFS to FVOCI

The Group elected to present in OCI changes in the fair value of certain equity investments previously classified as "available-for-sale financial asset" ("AFS"), because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, asset with a fair value of HK$70,470,000 was reclassified from available-for-sale financial asset to financial asset at FVOCI and related fair value gains were reclassified from the available-for-sale financial asset reserve to the FVOCI reserve on 1st April 2018.

(ii) *Impairment of financial assets*

The Group has the following financial assets at amortised cost that are subject to IFRS 9's new expected credit loss ("ECL") model:

Trade and other receivables

The Group was required to revise its impairment methodology under IFRS 9 for the class of assets above.

From 1st April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the IFRS 9 simplified approach to measure ECLs which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group applied different expected loss rates to different classes of trade receivables according to their respective risk characteristics and the days past due. Other financial assets at amortised cost include other receivables. The Group has applied the expected credit loss model to other receivables as at 1st April 2018 and the change in impairment methodologies did not have any material impact on the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

Cash and cash equivalents

While cash and cash equivalents and short-term bank deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Impact on the financial statements from the adoption of IFRS 9 and IFRS 15 *(Continued)*

(b) IFRS 15 Revenue from Contracts with Customers

The effects of the adoption of IFRS 15 are as follows:

The impact on the Group's financial position by the application of IFRS 15 as compared to IAS 18 that was previously in effect before the adoption of IFRS 15 is as follows:

	As at 1st April 2018		
Consolidated statement of financial position (extract)	As previously stated HK$'000	Effects of the adoption of IFRS 15 HK$'000	As restated HK$'000
Current liabilities			
Contract liabilities	–	3,261	3,261
Deferred revenue	533	(533)	–
Receipt in advance	2,728	(2,728)	–

Details of contract liabilities are as follows:

	As at 31st March 2019 **HK$'000**
Contract liabilities related to subscription income *(note i)*	**611**
Contract liabilities related to advertising income *(note ii)*	**2,505**
	3,116

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Impact on the financial statements from the adoption of IFRS 9 and IFRS 15 *(Continued)*

(b) IFRS 15 Revenue from Contracts with Customers (Continued)

Notes:

(i) These consist of deferred revenue resulting from subscription income when the Group received payments from customers in advance.

(ii) These consist of payment made by customers in advance, related to the advertising income, received from customers for services that have not yet been rendered to the customers.

(a) Timing of revenue recognition

Under IFRS 15, revenue is recognised when customer obtains control of the promised goods or services in the contract. IFRS 15 identifies 3 situations in which control of the promised goods or services is regarded as being transferred over time: (i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs; (ii) When the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; (iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15, the entity recognises revenue for the sale of that good and service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

Under IFRS 15, advertising income is recognised net of trade discount over the period when the related advertisement is published. Sale of magazines, books and digital content is recognised net of trade discount and sales return at point in time upon delivery of the publication.

(b) Presentation of contract asset and contract liability

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients) with the effect of initially applying the standard recognised at the date of initial application. The adoption of this IFRS 15 results in changes in accounting policies for revenue recognition and has no material impact other than the disclosures in the Group's financial statements.

The Group has also voluntarily changed the presentation of certain amounts in the statement of financial position to reflect the terminology of IFRS 15 and IFRS 9:

- Contract liabilities in relation to payments received in advance from customers were previously presented as deferred revenue (HK$533,000 as at 31st March 2018).

- Contract liabilities in relation to payments received in advance from customers were previously presented as receipts in advance (HK$2,728,000 as at 31st March 2018).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Subsidiaries

2.3.1 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. Acquisition-related costs are expensed as incurred.

(b) 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 acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (Note 2.9). 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)*

2.3 Subsidiaries *(Continued)*

2.3.2 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 2.10). 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.

2.4 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 statement of profit or loss, 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)*

2.5 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.

2.6 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.

2.7 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 income statement within "finance income or expenses". All other foreign exchange gains and losses are presented in the income statement within 'other income'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 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 statement of profit or loss 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.

2.8 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 2.10).

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)*

2.9 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 amortization and impairment provision. Amortisation is calculated using the straight-line method over the expected useful lives of 30 years of the trademarks.

2.10 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.

2.11 Financial assets

2.11.1 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" and "Cash and cash equivalents" in the consolidated statement of financial position (Notes 2.13 and 2.14).

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial assets *(Continued)*

2.11.2 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 derecognised 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.

2.11.3 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.

Financial assets through other comprehensive income are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains, net" and impairment expenses are presented as separate line item in the statement of 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 2.13.

2.11.4 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.

2.12 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 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.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and bank deposits.

2.15 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.

2.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services 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.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated 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)*

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the 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 taxable temporary differences arising from 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 tax jurisdiction on either the same 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)*

2.19 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 to the terms of the related obligations. 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 consolidated statement of comprehensive income in the year in which they occur.

(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)*

2.19 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.

2.20 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.

2.21 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 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.

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)*

2.22 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.

2.23 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.

2.24 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 of a loss resulting from the failure of one of the Group's counterparties to discharge its 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 Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forwarding-looking information. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records, past experience and available, reasonable and supportive forwarding-looking information.

As at 31st March 2019, the loss allowance provision for trade receivables reconciles to the opening loss allowance for that provision as follows:

	2019 HK$'000	2018 HK$'000
At 1st April	**699**	633
Disposal of subsidiaries	**(699)**	–
Currency translation differences	**–**	66
At 31st March	**–**	699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Credit risk (Continued)

The credit quality of the other receivables has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The directors are of the opinion that the credit risk of other receivables is low due to the sound collection history of the receivables due from them. Therefore, expected credit loss rate of the other receivables is assessed to be immaterial.

The Group maintains cash and cash equivalents and short-term bank deposits with reputable financial institutions from which management believes the risk of loss to be remote. The management assesses the credit quality of outstanding cash and cash equivalents and short-term bank deposits 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.

	2019 HK$'000	2018 HK$'000
Trade and other payables within one year	**12,620**	15,520
Amounts due to fellow subsidiaries within one year	**1,101**	964
	13,721	16,484

(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 2019, 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 (2018: HK$42,000) lower/higher, mainly as a result of higher/lower interest income on bank deposit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(Continued)*

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, repurchase shares, 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 2019, the Group's strategy was to maintain the total liabilities-to-total assets ratio around 24% (2018: 15%).

The table below analyses the Group's total liabilities-to-total assets ratio as at 31s March 2019 and 2018:

	2019 HK$'000	2018 HK$'000
Total liabilities	**16,891**	19,795
Total assets	**70,943**	131,486
Total liabilities-to-total assets ratio	**24%**	15%

3.3 Fair value estimation

The Group analyses the financial instruments carried at fair value as at 31st March 2019 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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) Carrying amount of trademark related to cash-generating unit ("CGU") of publishing Ming Pao Weekly ("MP Weekly")

The Group has performed assessment on the carrying amount of the trademark and determined whether further impairment provision or reversal of previous impairment loss was required. The management determined that the publishing of MP Weekly to be the underlying CGU. The recoverable amount of a CGU is determined based on the higher of fair value less cost of disposal and value-in-use models. The methodologies are based upon number of key estimates and other information, both internal and external, including (i) printed advertising revenue growth rate; (ii) digital advertising revenue growth rate; (iii) circulation revenue growth rate; and (iv) discount rate.

Changes in these estimates and other information could have a significant impact on the recoverable amount of the trademark and could result in further impairment charge or reversal of previous impairment loss, whereas the reversal is only recognised where there is an increase in the estimated service potential of an asset since the date when the last impairment loss was recognised. The determination of whether there is no change in the underlying estimates, other information and estimated services potential of an asset requires significant management judgement.

(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.

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:

	2019 HK$'000	2018 HK$'000
Turnover	**98,600**	94,971
Other income		
Bank interest income	**99**	116
Other media business income	**1,355**	2,055
	1,454	2,171
Total revenue	**100,054**	97,142

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

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

The executive committee considers the performance of the media business for the Hong Kong and Taiwan, and the Mainland China operation and also the performance of the entertainment and lifestyle operation, and the watch and car operation and others, respectively.

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 2019 and 2018 are as follows:

	Year ended 31st March 2019 Media Business				
	Continuing operations			Discontinued operation	
	Hong Kong and Taiwan				
	Entertainment and lifestyle operation HK$'000	Watch and car operation and others HK$'000	Sub total HK$'000	Mainland China HK$'000	Total HK$'000
Turnover	81,461	17,139	98,600	463	99,063
Segment profit/(loss)	2,746	(1,453)	1,293	(6,678)	(5,385)
Unallocated expenses					(6,510)
Loss before income tax					(11,895)
Income tax expense					(212)
Loss for the year					(12,107)
Other segmental information:					
Interest income	98	–	98	16	114
Depreciation of property, plant and equipment	624	85	709	–	709
Amortisation of intangible assets	276	14	290	–	290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

	Year ended 31st March 2018 Media Business				
	Continuing operations			Discontinued operation	
	Hong Kong and Taiwan			*(Note)*	
	Entertainment and lifestyle operation HK$'000	Watch and car operation and others HK$'000	Sub total HK$'000	Mainland China HK$'000	Total HK$'000
Turnover	77,953	17,018	94,971	5,076	100,047
Segment loss before gain on deemed disposal of investment in an associate and provision for impairment on trademarks	(6,518)	(3,627)	(10,145)	(8,024)	(18,169)
Gain on deemed disposal of investment in an associate	–	21,317	21,317	–	21,317
Provision for impairment on trademarks	(19,034)	–	(19,034)	–	(19,034)
Segment (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 ("JVs") and associates *(Note 7)*	–	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
Depreciation of property, plant and equipment	808	66	874	95	969
Amortisation of intangible assets	1,108	18	1,126	–	1,126

Note:

During the year ended 31st March 2019, the Group disposed of its entire equity interest in two subsidiaries in Mainland China. The related financial information of the disposed entities is presented as discontinued operation. The comparative figures in the consolidated income statement have been restated to distinguish discontinued operation from continuing operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Disaggregation of revenue

	2019	2018
	HK$'000	HK$'000
Timing of revenue recognition		
— At a point in time	**17,353**	17,558
— Overtime	**81,710**	82,489
	99,063	100,047

(b) Liabilities related to contracts with customers

	2019
	HK$'000
Contract liabilities related to subscription income	**611**
Contract liabilities related to advertising income	**2,505**
Contract liabilities	**3,116**

The Group has recognised the following assets and liabilities related to contracts with customers:

(i) *Significant changes in contract liabilities*

Contract liabilities related to advertising income have decreased by HK$223,000 due to decrease in overall contract activities and the disposal of Mainland China segment in March 2019.

(ii) *Revenue recognised in relation to contract liabilities*

The following table shows how much of the revenue recognised in the current year related to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in the current year.

	2018
	HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	
— Subscription income	533
— Advertising income	1,796
	2,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 31st March 2019 and 2018 are as follows:

	Hong Kong and Taiwan						
	Entertainment and lifestyle operation HK$'000	Watch and car operation and others HK$'000	Total HK$'000	Mainland China HK$'000	Eliminations HK$'000	Unallocated HK$'000	Group HK$'000
As at 31st March 2019							
Total assets	**78,161**	**4,214**	**82,375**	**–**	**(11,823)**	**391**	**70,943**
Total assets include:							
— Investments in joint ventures and associates	**–**	**–**	**–**	**–**	**–**	**–**	**–**
— Additions to non-current assets (other than deferred income tax assets and investments accounted for using equity method)	**488**	**110**	**598**	**–**	**–**	**–**	**598**
Total liabilities	**(14,099)**	**(2,792)**	**(16,891)**	**–**	**–**	**–**	**(16,891)**
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)

Segment assets consist primarily of property, plant and equipment, intangible assets, available-for-sale financial asset, financial asset at fair value through other comprehensive income, 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$30,416,000 (2018: HK$78,511,000), the total of non-current assets located in Mainland China is nil (2018: nil) and the total of non-current assets located in Taiwan is nil (2018: Nil).

Major customers

There is no single customer contribution over 10% of the total revenue of the Group for the year ended 31st March 2019 (2018: 1).

The five largest customers accounted for approximately 23.3% (2018: 21.3%) of revenue for the year ended 31st March 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 EXPENSES BY NATURE

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

	2019 HK$'000	2018 HK$'000
Paper consumed	**1,027**	6,162
Printing costs	**10,152**	9,929
Depreciation of property, plant and equipment *(Note 12)*	**709**	874
Amortisation of intangible assets *(Note 13)*	**290**	1,126
Employee benefit expense (including directors' emoluments) *(Note 8)*	**54,100**	57,402
Occupancy costs	**3,064**	3,067
Loss/(gain) on disposal of property, plant and equipment *(Note 27)*	**4**	(111)
Bad debts written off	**90**	15
Auditor's remuneration	**911**	1,005
Support service fee	**5,336**	5,679
Licence fee and royalty charges	**599**	660
Advertising and promotion expenses	**2,411**	3,525
Distribution costs	**990**	1,080
Sales commission	**2,073**	2,629

7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2019 HK$'000	2018 HK$'000
At 1st April	**1,115**	5,680
Share of results of JVs and associates	**–**	618
De-recognition of investment in an associate	**–**	(2,983)
De-recognition of investment in JVs	**(81)**	–
Dividend received	**(1,034)**	(2,200)
At 31st March	**–**	1,115

The Group's investments accounted for using the equity method represented the Group's interests in JVs and associates. Set out below are the JVs of the Group as at 31st March 2019:

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

On 5th December 2018, the Group has entered into an agreement with an independent third party to sell all its interest in Chu Kong for approximately HK$9,000 and the transaction was completed during the year ended 31st March 2019. Please refer to note 27 for the reconciliation of the proceeds from disposal and the loss on disposal of JVs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Set out below are the associates of the Group as at 31st March 2019 which held by the Group as at 31st March 2019.

Nature of investment in associates as at 31st March 2019 and 2018:

Name of associates	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		2019	2018		
ByRead Inc. ("ByRead")	The Cayman Islands	**24.97%**	24.97%	*Note (i)*	Equity

Note:

(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 2019.

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

	2019 HK$'000	2018 HK$'000
Profits from continuing operations and total comprehensive income for the year	**–**	618

8 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS

	2019 HK$'000	2018 HK$'000
Wages and salaries	**50,917**	54,289
Pension costs — defined contribution plans and MPF	**2,003**	2,115
Staff welfare and allowances	**1,180**	998
	54,100	57,402

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS *(Continued)*

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2018: one) director whose emoluments are reflected in the analysis presented in Note 9. The emoluments payable to the remaining four (2018: four) individuals during the year are as follows:

	2019 HK$'000	2018 HK$'000
Basic salaries, other allowances and benefits in kind	**4,419**	6,698
Bonuses	**169**	288
Contributions to pension scheme	**65**	111
	4,653	7,097

The emoluments of the four (2018: four) remaining individuals fell within the following bands:

	Number of individuals	
	2019	2018
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

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the Directors is set out below respectively:

For the year ended 31st March 2019

Name of Director	**Fees HK$'000**	**Salary HK$'000**	**Discretionary bonuses HK$'000**	**Housing allowance HK$'000**	**Estimated money value of other benefits HK$'000**	**Employer's contribution to a retirement benefit scheme HK$'000**	**Remunerations paid or receivable in respect of accepting office as director HK$'000**	**Emoluments paid or receivable in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$'000**	**Total HK$'000**
Non-executive Director									
Ms. TIONG Choon#1	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. LAU Chi Wah, Alex	150	–	–	–	–	–	–	–	150
Mr. YANG, Victor	140	–	–	–	–	–	–	–	140

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

For the year ended 31st March 2018

Name of Director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Emoluments paid or receivable in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiary undertaking HK$'000	Total HK$'000
Non-executive Directors									
Ms. TIONG Choon[#1]	43	–	–	–	–	–	–	–	43
Tan Sri Datuk Sir TIONG Hiew King[#2]	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. LAU Chi Wah, Alex	150	–	–	–	–	–	–	–	150
Mr. YANG, Victor	140	–	–	–	–	–	–	–	140

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

[#2] 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$43,000.

Save as disclosed above, there was no arrangement during the years ended 31st March 2019 and 2018 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.

(b) Directors' termination benefits

None of the directors received any termination benefits during the years ended 31st March 2019 and 2018.

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

During the years ended 31st March 2019 and 2018, 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 2019 and 2018, 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 2019 and 2018 or at any time during the years ended 31st March 2019 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit during the year ended 31st March 2019.

	2019 HK$'000	2018 HK$'000
Hong Kong profits tax		
— Current income tax	**212**	220
Deferred income tax *(Note 23)*		
— Current deferred income tax charge	**–**	–
	212	220

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:

	2019 HK$'000	2018 HK$'000
Loss before income tax	**11,895**	20,330
Tax calculated at domestic tax rates applicable to profits in the respective countries *(Note)*	**(2,382)**	(3,939)
Effects of		
— Income not subject to tax	**(12,255)**	(4,440)
— Expenses not deductible for tax purposes	**12,546**	3,684
— Tax losses for which no deferred income tax asset was recognised	**2,306**	4,878
— Temporary differences not recognised	**12**	37
— Utilisation of previously unrecognised tax losses	**(15)**	–
Income tax expense	**212**	220

Note: The weighted average applicable tax rate was 20.0% (2018: 19.4%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATION

During the year ended 31st March 2019, the Group disposed of its entire equity interests in two of its subsidiaries, Beijing OMG Advertising Company Limited ("Beijing OMG Advertising") and Beijing Times Resource Technology Consulting Limited ("Beijing TRT"). The total consideration was approximate to the net assets value of disposed companies. The principal activity of these two companies was operation of magazines in Mainland China. As a result of the disposal, a loss of HK$1,641,000 has been recognised in the consolidated income statement. The effect of the disposal is summarised as follows:

	2019 **HK$'000**
Gain on disposal before release of currency translation reserve	**41**
Release of currency translation reserve	**(1,682)**
Net loss on disposal of subsidiaries	**(1,641)**

Upon disposal of Beijing OMG Advertising and Beijing TRT, the Group would cease the magazines operation in Mainland China.

The results of the discontinued operation for both years are presented below:

	2019 **HK$'000**	2018 HK$'000
Revenue and other income	**479**	5,194
Expenses	**(5,516)**	(13,218)
Loss before income tax of discontinued operation	**(5,037)**	(8,024)
Income tax expense	**–**	–
Loss after income tax of discontinued operation	**(5,037)**	(8,024)
Gain on disposal of subsidiaries before release of currency translation reserve	**41**	–
Release of currency translation reserve	**(1,682)**	–
Loss from discontinued operation	**(6,678)**	(8,024)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 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 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 6)*	(65)	(387)	(393)	(124)	(969)
Provision for impairment	(42)	(48)	(11)	(48)	(149)
Closing net book amount	33	787	653	280	1,753
At 31st March 2018					
Cost	5,381	6,899	8,868	2,175	23,323
Accumulated depreciation	(5,306)	(6,064)	(7,932)	(1,847)	(21,149)
Accumulated impairment	(42)	(48)	(283)	(48)	(421)
Net book amount	33	787	653	280	1,753

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 31st March 2019					
Opening net book amount	**33**	**787**	**653**	**280**	**1,753**
Currency translation differences	**–**	**–**	**–**	**–**	**–**
Additions	**–**	**432**	**155**	**–**	**587**
Disposals	**–**	**(4)**	**–**	**–**	**(4)**
Depreciation *(Note 6)*	**–**	**(394)**	**(253)**	**(62)**	**(709)**
Closing net book amount	**33**	**821**	**555**	**218**	**1,627**
At 31st March 2019					
Cost	**2,821**	**6,803**	**7,954**	**1,060**	**18,638**
Accumulated depreciation	**(2,746)**	**(5,934)**	**(7,116)**	**(794)**	**(16,590)**
Accumulated impairment	**(42)**	**(48)**	**(283)**	**(48)**	**(421)**
Net book amount	**33**	**821**	**555**	**218**	**1,627**

Depreciation expenses of approximately HK$471,000 (2018: HK$481,000), HK$168,000 (2018: HK$357,000) and HK$70,000 (2018: HK$131,000) are included in cost of goods sold, selling and distribution expenses, and administrative expenses, respectively.

13 INTANGIBLE ASSETS

	Computer software *(Note (a))* HK$'000	Goodwill *(Note (b))* HK$'000	Trademarks *(Note (c))* HK$'000	Total HK$'000
At 1st April 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 6)*	(133)	–	(993)	(1,126)
Provision for impairment	–	–	(19,034)	(19,034)
Closing net book amount	200	–	4,973	5,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INTANGIBLE ASSETS *(Continued)*

	Computer software *(Note (a))* HK$'000	Goodwill *(Note (b))* HK$'000	Trademarks *(Note (c))* HK$'000	Total HK$'000
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
Year ended 31st March 2019				
Opening net book amount	200	–	4,973	5,173
Additions	11	–	–	11
Amortisation expenses *(Note 6)*	(85)	–	(205)	(290)
Closing net book amount	126	–	4,768	4,894
At 31st March 2019				
Cost	1,443	–	75,600	77,043
Accumulated amortisation	(1,317)	–	(13,378)	(14,695)
Accumulated impairment	–	–	(57,454)	(57,454)
Net book amount	126	–	4,768	4,894

(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) During the year ended 31st March 2019, the Group has disposed the PRC operation and the related cost and accumulated impairment loss of goodwill of HK$2,725,000 has been written-off.

(c) The trademarks arose from 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.

For the year ended 31st March 2018, the Group made an impairment of provision of approximately HK$19,034,000 for the trademark based on the discounted cash flow ("DCF") projection. Key assumptions used by management in the DCF for last years include CAGR ranging from (3.1%) to 19.8% for growth rates and 21.8% for the discount rate.

The Group performed updated assessment on whether further impairment provision or reversal of previous impairment loss of the trademarks are required and concluded that no further impairment provision or reversal of previous impairment loss was required.

(d) Amortisation expense of approximately HK$56,000 (2018: HK$66,000), HK$20,000 (2018: HK$49,000) and HK$214,000 (2018: HK$1,011,000) is included in cost of goods sold, selling and distribution, and administrative expenses, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 INTERESTS IN SUBSIDIARIES

The following is a list of the principal subsidiaries at 31st March 2019:

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 M2U Advertising Company Limited (北京萬華共創廣告有限公司)	PRC, limited liability company	Magazines operation in PRC	Registered capital of HK$50,000,000	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	Investment holding in Taiwan	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	[#1]100%
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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 INTERESTS IN SUBSIDIARIES *(Continued)*

The following is a list of the principal subsidiaries at 31st March 2019: *(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
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 US$1	100%

#1 Shares held directly by the Company.

15 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019 HK$'000	2018 HK$'000
Trading securities — listed securities		
At the beginning of the year	**70,470**	–
Fair value loss recognised in other comprehensive income	**(46,575)**	–
At the end of the year	**23,895**	–

At the adoption of IFRS 9, investment in listed securities held as long-term strategic investments that are not expected to be sold in the short to medium term were reclassified from available-for-sale financial asset to financial assets at FVOCI. Financial asset at FVOCI 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 2019, the fair value was determined based on the share price at 31st March 2019 of the listed securities. Details of the accounting treatment are set out in the Group's accounting policies.

No provision for impairment on financial asset at FVOCI was made during the year ended 31st March 2019 (2018: Nil).

The financial asset at FVOCI is denominated in Hong Kong dollar and the fair value approximates the carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INVENTORIES

	2019 HK$'000	2018 HK$'000
Raw materials	**410**	1,315
Finished goods	**72**	91
	482	1,406

The cost of inventories recognised as expense and included in cost of goods sold amounted to HK$1,027,000 (2018: HK$6,162,000).

17 FINANCIAL INSTRUMENTS BY CATEGORY

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

	Financial assets through other comprehensive income HK$'000	Loans and receivables HK$'000	Total HK$'000
Assets			
At 31st March 2019			
Financial assets through other comprehensive income *(Note 15)*	**23,895**	**–**	**23,895**
Trade and other receivables and deposits	**–**	**14,315**	**14,315**
Cash and cash equivalents *(Note 19)*	**–**	**22,843**	**22,843**
Total	**23,895**	**37,158**	**61,053**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	Available-for-sale HK$'000	Loans and receivables HK$'000	Total HK$'000
At 31st March 2018			
Available-for-sale financial asset	70,470	–	70,470
Trade and other receivables and deposits	–	18,612	18,612
Amount due from a fellow subsidiary *(Note 18)*	–	3	3
Cash and cash equivalents *(Note 19)*	–	29,761	29,761
Total	70,470	48,376	118,846

	Financial liabilities at amortised costs HK$'000
Liabilities	
At 31st March 2019	
Trade and other payables *(Note 22)*	**12,620**
Amounts due to fellow subsidiaries *(Note 22)*	**1,101**
Total	**13,721**
At 31st March 2018	
Trade and other payables *(Note 22)*	15,520
Amounts due to fellow subsidiaries *(Note 22)*	964
Total	16,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 TRADE AND OTHER RECEIVABLES AND AMOUNT DUE FROM A FELLOW SUBSIDIARY

	2019 HK$'000	2018 HK$'000
Trade receivables	**13,798**	18,121
Less: allowance for impairment of trade receivables	**–**	(699)
Trade receivables — net	**13,798**	17,422
Other receivables and deposits	**517**	1,190
Barter receivables	**148**	356
Prepayments and advances	**2,348**	1,832
	16,811	20,800
Amount due from a fellow subsidiary *(Note 29(ii))*	**–**	3
	16,811	20,803

At 31st March 2019 and 2018, 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 2019 and 2018, the ageing analysis of the Group's trade receivables by invoice date is as follows:

	2019 HK$'000	2018 HK$'000
0 to 60 days	**7,585**	10,328
61 to 120 days	**3,609**	3,265
121 to 180 days	**1,249**	2,627
Over 180 days	**1,355**	1,901
	13,798	18,121

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

18 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

(Continued)

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

	2019 HK$'000	2018 HK$'000
Hong Kong dollars	**13,442**	14,310
Renminbi	**–**	2,848
Others	**356**	264
	13,798	17,422

For the year ended 31st March 2019, the Group did not recognise any provision for impairment (2018: Nil) of its trade receivables, but it directly wrote off an amount of HK$1,387,000 (2018: HK$15,000) as bad debts. The individually impaired receivables mainly relate to customers which were in unexpectedly difficult economic situations, amount which HK$1,297,000 relates to the written off of trade receivables in PRC operations for the disposal purpose.

For the year ended 31st March 2019, the Group recognised HK$Nil (2018: HK$Nil) 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:

	2019 HK$'000	2018 HK$'000
At 1st April	**699**	633
Reversal of impairment of receivables	**(699)**	–
Currency translation differences	**–**	66
At 31st March	**–**	699

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 (2018: Nil) are secured by deposits and bank guarantees provided by the customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 CASH AND CASH EQUIVALENTS

	2019 **HK$'000**	2018 HK$'000
Cash at bank and on hand	**12,718**	19,722
Short-term bank deposits	**10,125**	10,039
	22,843	29,761
Maximum exposure to credit risk	**22,746**	29,632

The effective interest rate on average short-term bank deposits was 1.54% (2018: 0.94%). 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:

	2019 **HK$'000**	2018 HK$'000
Cash and cash equivalents	**22,843**	29,761

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$909,000 (2018: HK$7,990,000), of which the remittance is subject to foreign exchange control.

20 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 2018, 1st April 2018 and 31st March 2019	400,900	401	457,543	457,944

The total authorised number of ordinary shares is 4,000 million shares (2018: 4,000 million shares).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 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	Financial asset through other comprehensive income reserve HK$'000	Others HK$'000	Total HK$'000
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)
Adjustment on adoption of IFRS 9	–	–	–	(46,170)	46,170	–	–
At 1st April 2018	**(343,050)**	**6,813**	**(349)**	**–**	**46,170**	**11,143**	**(279,273)**
Currency translation differences	**–**	**(607)**	**–**	**–**	**–**	**–**	**(607)**
Release of currency translation reserve upon disposal of subsidiaries	**–**	**1,682**	**–**	**–**	**–**	**–**	**1,682**
Actuarial losses on long service payment obligations	**–**	**–**	**(32)**	**–**	**–**	**–**	**(32)**
Fair value loss on through other comprehensive income financial asset	**–**	**–**	**–**	**–**	**(46,575)**	**–**	**(46,575)**
At 31st March 2019	**(343,050)**	**7,888**	**(381)**	**–**	**(405)**	**11,143**	**(324,805)**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	2019 HK$'000	2018 HK$'000
Trade payables	**4,174**	3,417
Other payables	**8,446**	12,103
Receipt in advance	**–**	2,728
Deferred income and tax provision	**–**	533
Trade and other payables	**12,620**	18,781
Contract liabilities *(Note 5)*	**3,116**	–
Amounts due to fellow subsidiaries *(Note 29 (ii))*	**1,101**	964
	16,837	19,745

The ageing of the amounts due to fellow subsidiaries arising from related-party trade related 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.

At 31st March 2019 and 2018, the ageing analysis of the trade payables by invoice date is as follows:

	2019 HK$'000	2018 HK$'000
0 to 60 days	**2,333**	2,321
61 to 120 days	**1,677**	990
121 to 180 days	**103**	84
Over 180 days	**61**	22
	4,174	3,417

23 DEFERRED INCOME TAX ASSETS

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 2018 and 2019.

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 recognised deferred income tax assets of HK$11,364,000 (2018: HK$15,438,000) in respect of losses of HK$67,700,000 (2018: HK$92,515,000) 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:

	2019 HK$'000	2018 HK$'000
Expiring in the first to fifth year	**2,274**	22,011
With no expiry date	**65,426**	70,504
	67,700	92,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 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 8).

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

	2019 HK$'000	2018 HK$'000
Present value of the unfunded long service payment obligations	**54**	50

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:

	2019 HK$'000	2018 HK$'000
At 1st April	**50**	72
Current service cost	**3**	7
Actuarial losses on obligations	**32**	322
Actual benefits paid	**(31)**	(351)
At 31st March	**54**	50

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

	2019 HK$'000	2018 HK$'000
Cumulative amount of actuarial losses at beginning of the year	**(349)**	(27)
Actuarial losses during the year	**(32)**	(322)
Cumulative amount of actuarial losses at the end of the year	**(381)**	(349)

The principal actuarial assumptions used are as follows:

	2019	2018
Discount rate (%)	**2.2**	2.0
Expected inflation rate (%)	**2.5**	2.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 LOSS PER SHARE

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

	2019 **HK$'000**	2018 HK$'000
Weighted average number of ordinary shares in issue *(in thousands)*	**400,900**	400,900
Loss from continuing operations attributable to owners of the Company	**(5,429)**	(12,526)
Basic and diluted loss per share from continuing operations attributable to owners of the Company	**(1.3)**	(3.1)
Loss from discontinued operation attributable to owners of the Company	**(6,678)**	(8,024)
Basic and diluted loss per share from discontinued operation attributable to owners of the Company	**(1.7)**	(2.0)
Basic and diluted loss per share *(HK cents per share)*	**(3.0)**	(5.1)

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 2019 and 2018.

26 DIVIDENDS

The Board of Directors did not recommend the payment of dividend for the year ended 31st March 2019 and 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 CASH GENERATED FROM OPERATIONS

	2019 HK$'000	2018 HK$'000
Loss before income tax	**(11,895)**	(20,330)
Adjustments for:		
— Depreciation of property, plant and equipment	**709**	969
— Amortisation of intangible assets	**290**	1,126
— Loss/(gain) on disposal of property, plant and equipment	**4**	(111)
— Loss on disposal of JVs	**72**	–
— Gain on disposal of subsidiaries	**(41)**	–
— Release of currency translation reserve	**1,682**	–
— Provision for impairment on property, plant and equipment	**–**	149
— Provision for impairment on trademarks	**–**	19,034
— Interest income	**(114)**	(234)
— Bad debts written off	**90**	15
— Gain on deemed disposal of investment in an associate	**–**	(21,317)
— Foreign currency translation (loss)/gain on operating activities	**(571)**	27
— Costs related to long service payment scheme	**3**	7
— Share of results of joint ventures and associates	**–**	(618)
Changes in working capital:		
— Inventories	**924**	3,280
— Trade and other receivables	**3,578**	4,521
— Amounts due from fellow subsidiaries	**–**	26
— Amounts due to fellow subsidiaries	**137**	69
— Contract liabilities	**3,116**	–
— Trade and other payables	**(5,867)**	(994)
Cash used in operations	**(7,883)**	(14,381)

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

	2019 HK$'000	2018 HK$'000
Property, plant and equipment — net book value *(Note 12)*	**4**	9
(Loss)/gain on disposal of property, plant and equipment	**(4)**	111
Proceeds from disposal of property, plant and equipment	**–**	120

	2019 HK$'000	2018 HK$'000
Investment in JVs *(Note 7)*	**81**	–
Loss on disposal of JVs	**(72)**	–
Proceeds from disposal of investment in JVs	**9**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 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:

	2019 **HK$'000**	2018 HK$'000
No later than 1 year	**2,459**	2,494
Later than 1 year and no later than 5 years	**4,657**	–
	7,116	2,494

29 RELATED-PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

(i) During the year ended 31st March 2019, the Group entered into the following transactions with Media Chinese, fellow subsidiaries, a JV and an associate:

	Note	**2019** **HK$'000**	2018 HK$'000
Circulation support services charges	*a*	**941**	875
Library services charges	*b*	**158**	101
Administrative support and IS programming support services charges	*c*	**5,337**	5,679
Charges for leasing and licensing of office space, storage space and parking spaces	*d*	**2,576**	2,578
Ticketing and accommodation expenses	*e*	**366**	288
Barter advertising expenses	*f*	**586**	844
Barter advertising income	*g*	**(576)**	(844)
Type-setting, colour separation and film making expenses	*h*	**1**	–
Promotion expenses	*i*	**–**	10
Pension costs — defined contribution plans	*j*	**2,003**	2,104
Service income	*k*	**–**	(1,200)
Dividend income	*l*	**–**	(2,200)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 RELATED-PARTY TRANSACTIONS *(Continued)*

(i) During the year ended 31st March 2019, the Group entered into the following transactions with fellow subsidiaries, a JV and an associate: *(Continued)*

Notes: (Continued)

(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.

(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 the 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.

(ii) The balances at 31st March 2019 and 31st March 2018 arising from the related party transactions as disclosed in Note 29 (i) above are as follows:

	2019 **HK$'000**	2018 HK$'000
Amounts due from a fellow subsidiary *(Note 18)*	**–**	3
Amounts due to fellow subsidiaries *(Note 22)*	**(1,101)**	(964)

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

	2019 **HK$'000**	2018 HK$'000
Salaries and other short-term employee benefits	**3,747**	3,776
Contributions to pension scheme	**36**	36
	3,783	3,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	As at 31st March 2019 HK$'000	2018 HK$'000
ASSETS			
Non-current asset			
Interests in and amounts due from subsidiaries		**99,363**	219,562
Current assets			
Other receivables		**50**	30
Cash and cash equivalents		**10,145**	5,082
Total current assets		**10,195**	5,112
Total assets		**109,558**	224,674
EQUITY			
Capital and reserves			
Share capital		**401**	401
Share premium		**457,543**	457,543
Other reserves	*(a)*	**11,143**	11,143
Retained earnings	*(a)*	**(359,882)**	(244,744)
Total equity		**109,205**	224,343
LIABILITY			
Current liabilities			
Other payables		**353**	331
Total current liabilities		**353**	331
Total liabilities		**353**	331
Total equity and liabilities		**109,558**	224,674

The statement of financial position of the Company was approved by the Board of Directors on 28th May 2019 and was signed on its behalf

TIONG Kiew Chiong
Director

LAM Pak Cheong
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 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** HK$'000	**Total** HK$'000
At 1st April 2017	5,929	5,214	(386,275)	(375,132)
Loss for the year	–	–	141,531	141,531
At 31st March 2018	5,929	5,214	(244,744)	(233,601)
At 1st April 2018	**5,929**	**5,214**	**(244,744)**	**(233,601)**
Loss for the year	**–**	**–**	**(115,138)**	**(115,138)**
At 31st March 2019	**5,929**	**5,214**	**(359,882)**	**(348,739)**

FIVE-YEAR FINANCIAL SUMMARY

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

	For the year ended 31st March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**98,600**	94,971	104,094	137,247	179,248
Loss attributable to the owners of the Company	**(12,107)**	(20,550)	(62,019)	(15,605)	(11,072)
Basic loss per share	**(HK3.0 cents)**	(HK5.1 cents)	(HK15.5 cents)	(HK3.9 cents)	(HK2.8 cents)

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

	As at 31st March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**1,627**	1,753	2,006	2,598	3,699
Intangible assets	**4,894**	5,173	25,302	66,268	68,986
Available-for-sale financial asset	**–**	70,470	–	–	–
Financial asset at fair value through other comprehensive income	**23,895**	–	–	–	–
Investments accounted for using the equity method	**–**	1,115	5,680	5,808	6,172
Deferred income tax assets	**–**	–	–	30	3,149
Current assets	**40,527**	52,975	72,806	97,681	189,458
Current liabilities	**(16,837)**	(19,745)	(20,670)	(24,498)	(28,216)
Convertible bond	**–**	–	–	–	(75,508)
Net current assets	**23,690**	33,230	52,136	73,183	85,734
Total assets less current liabilities	**54,106**	111,741	85,124	147,887	167,740
Deferred income tax liabilities	**–**	–	–	–	(195)
Long service payment obligations	**(54)**	(50)	(72)	(114)	(50)
Capital and reserves attributable to the owners of the Company	**54,052**	111,691	85,052	147,773	167,495

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