



One Media Group Interim Report 2019/20

萬華 媒體 集團

二〇一九至二〇二〇年度中期報告

One Media Group Limited
萬華媒體集團有限公司

Stock Code 股份代號：426

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2019

		(Unaudited)	
		Six months ended 30th September	
		2019	2018
	Note	HK\$'000	HK\$'000
Continuing operations			
Turnover	7	37,790	44,692
Cost of goods sold		<u>(29,239)</u>	<u>(28,824)</u>
Gross profit		8,551	15,868
Other income	8	785	661
Selling and distribution expenses		(8,015)	(11,186)
Administrative expenses		(9,952)	(11,880)
Operating loss		(8,631)	(6,537)
Finance costs	10	(109)	–
Loss before income tax		(8,740)	(6,537)
Income tax expense	11	(74)	(101)
Loss for the period from continuing operations		(8,814)	(6,638)
Loss for the period from discontinued operation (attributable to equity holders of the company)	12	<u>–</u>	<u>(6,678)</u>
Loss for the period		<u>(8,814)</u>	<u>(13,316)</u>
Loss attributable to:			
– Owners of the Company			
– from continuing operations		(8,814)	(6,638)
– from discontinued operation		<u>–</u>	<u>(6,678)</u>
		(8,814)	(13,316)
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u>(8,814)</u>	<u>(13,316)</u>
Loss per share attributable to owners of the Company during the period (expressed in HK cents per share)			
– from continuing operations		(2.20)	(1.65)
– from discontinued operation		<u>–</u>	<u>(1.67)</u>
Basic and diluted	13	<u>(2.20)</u>	<u>(3.32)</u>

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2019

	(Unaudited)	
	Six months ended 30th September	
	2019	2018
	HK\$'000	HK\$'000
Loss for the period	(8,814)	(13,316)
Other comprehensive loss		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Release of currency translation reserve upon disposal of subsidiaries	–	1,682
Currency translation differences	4	(663)
<i>Item that will not be reclassified to profit or loss</i>		
Fair value change on financial asset at fair value through other comprehensive income	(4,657)	(45,157)
Total comprehensive loss for the period	(13,467)	(57,454)
Total comprehensive loss for the period attributable to:		
– Owners of the Company arises from:		
– Continuing operations	(13,467)	(56,398)
– Discontinued operation	–	(1,056)
	(13,467)	(57,454)
– Non-controlling interests	–	–
	(13,467)	(57,454)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER 2019

	<i>Note</i>	(Unaudited) 30th September 2019 <i>HK\$'000</i>	(Audited) 31st March 2019 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		1,655	1,627
Intangible assets	15	4,765	4,894
Right-of-use assets	4	5,517	–
Financial asset at fair value through other comprehensive income	16	19,238	23,895
Total non-current assets		31,175	30,416
Current assets			
Inventories		430	482
Trade and other receivables	18	13,669	16,811
Income tax recoverable		317	391
Cash and cash equivalents		16,457	22,843
Total current assets		30,873	40,527
Total assets		62,048	70,943
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	401	401
Share premium	19	457,543	457,543
Other reserves		(329,458)	(324,805)
Accumulated losses		(87,901)	(79,087)
Total equity		40,585	54,052
LIABILITIES			
Non-current liabilities			
Long service payment obligations		54	54
Lease liabilities		3,397	–
Total non-current liabilities		3,451	54
Current liabilities			
Trade and other payables	20	11,442	12,620
Contract liabilities	20	1,773	3,116
Amounts due to fellow subsidiaries	20	1,819	1,101
Bank borrowings	21	810	–
Lease liabilities		2,168	–
Total current liabilities		18,012	16,837
Total liabilities		21,463	16,891
Total equity and liabilities		62,048	70,943

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2019

	(Unaudited)						Non-controlling interests HK\$'000	Total equity HK\$'000
	Attributable to owners of the Company					Total HK\$'000		
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000			
At 1st April 2018	401	457,543	(279,273)	(66,980)	111,691	-	111,691	
Total comprehensive loss								
Loss for the period	-	-	-	(13,316)	(13,316)	-	(13,316)	
Other comprehensive income:								
Currency translation differences	-	-	(663)	-	(663)	-	(663)	
Release of currency translation reserve upon disposal of subsidiaries	-	-	1,682	-	1,682	-	1,682	
Fair value change on financial asset at fair value through other comprehensive income	-	-	(45,157)	-	(45,157)	-	(45,157)	
Total comprehensive loss for the period	-	-	(44,138)	(13,316)	(57,454)	-	(57,454)	
At 30th September 2018	401	457,543	(323,411)	(80,296)	54,237	-	54,237	
At 1st April 2019	401	457,543	(324,805)	(79,087)	54,052	-	54,052	
Total comprehensive loss								
Loss for the period	-	-	-	(8,814)	(8,814)	-	(8,814)	
Other comprehensive income:								
Currency translation differences	-	-	4	-	4	-	4	
Fair value change on financial asset at fair value through other comprehensive income	-	-	(4,657)	-	(4,657)	-	(4,657)	
Total comprehensive loss for the period	-	-	(4,653)	(8,814)	(13,467)	-	(13,467)	
At 30th September 2019	401	457,543	(329,458)	(87,901)	40,585	-	40,585	

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2019

	(Unaudited)	
	Six months ended 30th September	
	2019	2018
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash used in operations	(5,755)	(10,604)
Hong Kong profits tax paid	–	(402)
Interest paid	(109)	–
	<u>(5,864)</u>	<u>(11,006)</u>
Net cash used in operating activities	(5,864)	(11,006)
Cash flows from investing activities		
Purchase of property, plant and equipment	(379)	(150)
Purchase of intangible assets	(2)	–
Interest received	100	52
	<u>(281)</u>	<u>(98)</u>
Net cash used in investing activities	(281)	(98)
Cash flows from financing activities		
Proceeds from bank borrowings	810	–
Principal elements of lease payment	(1,055)	–
	<u>(245)</u>	<u>–</u>
Net cash used in financing activities	(245)	–
Net decrease in cash and cash equivalents	(6,390)	(11,104)
Cash and cash equivalents at the beginning of the period	22,843	29,761
Effects of exchange rate changes on cash and cash equivalents	4	(663)
	<u>16,457</u>	<u>17,994</u>
Cash and cash equivalents at the end of the period	16,457	17,994

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in media business in Hong Kong and Taiwan, including but not limited to magazine publishing and digital media business.

The condensed consolidated interim financial information of the Group for the six months ended 30th September 2019 (this “interim financial information”) is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. This interim financial information has been approved for issue by the Board of Directors on 25th November 2019.

This interim financial information has not been audited.

2 BASIS OF PREPARATION

This unaudited interim financial information has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

This interim financial information should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31st March 2019 which were prepared in accordance with International Financial Reporting Standards (“IFRSs”) and the accompanying explanatory notes attached to this interim financial information.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new and amended standards as set out below.

Taxes on income for the six months ended 30th September 2019 are accrued using the tax rate that would be applicable to expected total annual earnings.

(i) New and amended standards adopted by the Group

A number of new and amended standards became applicable for the current reporting period:

- Amendments to IAS 19, “Plan amendment, curtailment or settlement”
- Amendments to IAS 28, “Long-term interests in associates and joint ventures”
- Amendments to IFRS 9, “Prepayment features with negative compensation”
- IFRS 16, “Leases”
- Interpretations IFRIC 23, “Uncertainty over income tax treatments”
- Annual improvement, “Annual improvements to IFRSs 2015–2017 cycle”

The impact of the adoption of IFRS 16 “Leases” and changes in accounting policies are disclosed in Note 4 below. The other standards did not have any material impact on the Group’s accounting policies and did not require retrospective adjustments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

3 ACCOUNTING POLICIES *(Continued)*

- (ii) Impact of new and amended standards and interpretations that have been issued but are not yet effective and have not been early adopted by the Group

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 annual periods beginning on or after
Amendments to IAS 1 and IAS 8	Definition of material	1st January 2020
Amendments to IFRS 3	Definition of a business	1st January 2020
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective date to be determined
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting	1st January 2020
IFRS 17	Insurance contracts	1st January 2021

There are no other new, amended or revised standards and interpretations that are not yet effective and that would be expected to have a material impact on the Group.

4 CHANGES IN ACCOUNTING POLICIES

Impact on the financial statements from the adoption of IFRS 16

This note explains the impact of the adoption of IFRS 16 "Leases" on the Group's consolidated financial statements and discloses the new accounting policies that have been applied from 1st April 2019.

The Group has adopted IFRS 16 retrospectively from 1st April 2019, but has not restated prior period comparatives, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balances of the Group's consolidated statement of financial position as at 1st April 2019.

(a) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to lease which had previously been classified as "operating leases" under the principles of IAS 17 "Leases".

These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1st April 2019, except for short-term leases and leases for which the underlying asset is of low value, to which the respective lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1st April 2019 was 3.5%.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

4 CHANGES IN ACCOUNTING POLICIES *(Continued)*

Impact on the financial statements from the adoption of IFRS 16 *(Continued)*

(a) *Adjustments recognised on adoption of IFRS 16 (Continued)*

The Group had outstanding lease commitments of HK\$7,116,000 as at 31st March 2019.

	1st April 2019 HK\$'000
Discounted using the lessee's incremental borrowing rate at the date of initial application	6,751
Less: short-term leases not recognised as a liability	(131)
	<u>6,620</u>
Lease liability recognised as at 1st April 2019	<u>6,620</u>
Of which are:	
Current lease liabilities	2,130
Non-current lease liabilities	4,490
	<u>6,620</u>

Right-of-use assets recognised relate to the following types of assets:

	30th September 2019 HK\$'000	1st April 2019 HK\$'000
Right-of-use assets — properties	<u>5,517</u>	<u>6,620</u>

The change in accounting policy affected the following items in the condensed consolidated statement of financial position as at 1st April 2019:

- right-of-use assets — increased by HK\$6,620,000
- lease liabilities — increased by HK\$6,620,000

There was no impact to the Group's retained earnings as at 1st April 2019 for the adoption of IFRS 16.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1st April 2019 as short-term leases.

The Group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 "Determining whether an Arrangement Contains a Lease".

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

4 CHANGES IN ACCOUNTING POLICIES *(Continued)*

Impact on the financial statements from the adoption of IFRS 16 *(Continued)*

(b) *The Group's leasing activities and how these are accounted for*

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year 2018/2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) were charged to profit or loss on a straight-line basis over the periods of the leases.

From 1st April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

5 ESTIMATES

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

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2019.

6 FINANCIAL RISK MANAGEMENT

6.1 Financial risk factors

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

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st March 2019.

There have been no changes in the risk management policies since 31st March 2019.

6.2 Liquidity risk

Compared to 31st March 2019, there was no material change in the contractual undiscounted cash flows for financial liabilities.

6.3 Fair value estimation

For financial instruments that are measured at fair value, the Group classifies fair value measurements using a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The fair value hierarchy has the following levels:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — 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 3 — Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets that are measured at fair value at 30th September 2019:

	(Unaudited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial asset at fair value through other comprehensive income ("FVOCI")				
Listed securities	19,238	-	-	19,238

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

6 FINANCIAL RISK MANAGEMENT *(Continued)*

6.3 Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value at 31st March 2019:

	(Audited)			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial asset at fair value through other comprehensive income				
Listed securities	23,895	–	–	23,895

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There was no transfer between level 1 and level 2 of the fair value hierarchy during the period. There was no change during the period attributable to level 3 of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

7 TURNOVER AND SEGMENT INFORMATION

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

The executive committee 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 Hong Kong and Taiwan operation and also the performance of the entertainment and lifestyle operation and the watch and car operation and others, respectively.

The breakdown of total turnover from external customers from these areas and the Group’s turnover and results provided to the executive committee for the reporting segments for the period ended 30th September 2019 and 2018 are as follows:

	(Unaudited)		
	Six months ended 30th September 2019		
	Media Business		
	Hong Kong and Taiwan		
	Entertainment and lifestyle operation <i>HK\$’000</i>	Watch and car operation and others <i>HK\$’000</i>	Total <i>HK\$’000</i>
Turnover	<u>30,139</u>	<u>7,651</u>	<u>37,790</u>
Segment loss	<u>(4,819)</u>	<u>(1,674)</u>	<u>(6,493)</u>
Unallocated expenses			<u>(2,138)</u>
Unallocated finance costs <i>(Note 10)</i>			<u>(109)</u>
Loss before income tax			<u>(8,740)</u>
Income tax expense			<u>(74)</u>
Loss for the period			<u><u>(8,814)</u></u>
Other segmental information:			
Interest income	<u>100</u>	<u>–</u>	<u>100</u>
Depreciation of property, plant and equipment	<u>318</u>	<u>33</u>	<u>351</u>
Amortisation of intangible assets <i>(Note 15)</i>	<u>126</u>	<u>5</u>	<u>131</u>
Depreciation of right-of-use assets	<u>1,103</u>	<u>–</u>	<u>1,103</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

7 TURNOVER AND SEGMENT INFORMATION (Continued)

	(Unaudited)				
	Six months ended 30th September 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	<u>36,675</u>	<u>8,017</u>	<u>44,692</u>	<u>463</u>	<u>45,155</u>
Segment loss	<u>(2,075)</u>	<u>(1,186)</u>	<u>(3,261)</u>	<u>(6,678)</u>	<u>(9,939)</u>
Unallocated expenses					<u>(3,276)</u>
Loss before income tax					(13,215)
Income tax expense					<u>(101)</u>
Loss for the period					<u>(13,316)</u>
Other segmental information:					
Interest income	<u>36</u>	<u>–</u>	<u>36</u>	<u>16</u>	<u>52</u>
Depreciation of property, plant and equipment	<u>311</u>	<u>41</u>	<u>352</u>	<u>–</u>	<u>352</u>
Amortisation of intangible assets (Note 15)	<u>146</u>	<u>7</u>	<u>153</u>	<u>–</u>	<u>153</u>

Note: During the period ended 30th September 2018, the Group disposed of its entire equity interest in two subsidiaries in Mainland China. The related interim financial information of the disposed entities is presented as discontinued operation.

Disaggregation of revenue

	(Unaudited)	
	Six months ended 30th September 2019 HK\$'000	2018 HK\$'000
Timing of revenue		
– At a point of time	<u>7,763</u>	9,017
– Overtime	<u>30,027</u>	<u>36,138</u>
	<u>37,790</u>	<u>45,155</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

7 TURNOVER AND SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 30th September 2019 are as follows:

	(Unaudited)					
	Hong Kong and Taiwan			Eliminations HK\$'000	Unallocated HK\$'000	Group HK\$'000
	Entertainment and lifestyle operation HK\$'000	Watch and car operation and others HK\$'000	Total HK\$'000			
Total assets	57,232	4,499	61,731	-	317	62,048
Total assets include:						
– Additions to non-current assets (other than investments accounted for using equity method)	6,992	9	7,001	-	-	7,001
Total liabilities	<u>(19,485)</u>	<u>(11,064)</u>	<u>(30,549)</u>	<u>9,086</u>	<u>-</u>	<u>(21,463)</u>

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

	(Audited)					
	Hong Kong and Taiwan			Eliminations HK\$'000	Unallocated HK\$'000	Group HK\$'000
	Entertainment and lifestyle operation HK\$'000	Watch and car operation and others HK\$'000	Total HK\$'000			
Total assets	78,161	4,214	82,375	(11,823)	391	70,943
Total assets include:						
– Additions to non-current assets (other than investments accounted for using equity method)	488	110	598	-	-	598
Total liabilities	<u>(14,099)</u>	<u>(2,792)</u>	<u>(16,891)</u>	<u>-</u>	<u>-</u>	<u>(16,891)</u>

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, financial asset at fair value through other comprehensive income, inventories, trade and other receivables and operating cash. They exclude income tax recoverable.

Segment liabilities comprise operating liabilities.

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

The total non-current assets located in Hong Kong is HK\$31,175,000 (31st March 2019: HK\$30,416,000) and the total non-current assets located in Taiwan is nil (31st March 2019: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

8 OTHER INCOME

	(Unaudited)	
	Six months ended 30th September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	100	36
Other media business income	685	625
	<u>785</u>	<u>661</u>

9 EXPENSES BY NATURE

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

	(Unaudited)	
	Six months ended 30th September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Paper consumed	204	555
Depreciation of property, plant and equipment	351	352
Depreciation of right-of-use assets	1,103	–
Amortisation of intangible assets <i>(Note 15)</i>	131	153
Employee benefit expense (including directors' emoluments)	25,009	27,640
Occupancy costs	–	1,580
Short-term lease expenses	156	–
Loss on disposal of property, plant and equipment	–	4
	<u>–</u>	<u>4</u>

10 FINANCE COSTS

	(Unaudited)	
	Six months ended 30th September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense on lease liabilities	109	–
	<u>109</u>	<u>–</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

11 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 30th September 2019 (the tax rate for the six months ended 30th September 2018 was 16.5%) on the estimated assessable profit derived from Hong Kong for the period.

Income tax expense in the condensed consolidated income statement represents:

	(Unaudited)	
	Six months ended 30th September	
	2019	2018
	HK\$'000	HK\$'000
Current income tax		
— Hong Kong profits tax	74	101

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

12 DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATION

During the period ended 30th September 2018, 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 approximated 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 was recognised in the condensed consolidated income statement. The effect of the disposal is summarised as follows:

	(Unaudited)	
	Six months ended 30th September	
	2019	2018
	HK\$'000	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 ceased the magazine operation in Mainland China.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

12 DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATION *(Continued)*

The results of the discontinued operation for the last period are presented below:

	(Unaudited) Six months ended 30th September 2018 HK\$'000
Turnover and other income	479
Expenses	(5,516)
Loss before income tax of discontinued operation	(5,037)
Income tax expense	–
Loss after income tax of discontinued operation	(5,037)
Gain on disposal of subsidiaries	41
Release of currency translation reserve	(1,682)
Loss from discontinued operation	(6,678)

13 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	(Unaudited) Six months ended 30th September	
	2019 HK\$'000	2018 HK\$'000
Weighted average number of ordinary shares in issue <i>(in thousands)</i>	400,900	400,900
Loss from continuing operations attributable to owners of the Company	(8,814)	(6,638)
Basic and diluted loss per share from continuing operations attributable to owners of the Company <i>(HK cents per share)</i>	<u>(2.20)</u>	<u>(1.65)</u>
Loss from discontinued operation attributable to owners of the Company	–	(6,678)
Basic and diluted loss per share from discontinued operation attributable to owners of the Company <i>(HK cents per share)</i>	<u>–</u>	<u>(1.67)</u>
Basic and diluted loss per share <i>(HK cents per share)</i>	<u>(2.20)</u>	<u>(3.32)</u>

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 six months ended 30th September 2019 and 2018.

14 DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30th September 2019 (Six months ended 30th September 2018: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

15 INTANGIBLE ASSETS

	Group			
	Computer software <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Trademarks <i>HK\$'000</i>	Total <i>HK\$'000</i>
Period ended 30th September 2018				
(Unaudited)				
Opening net book amount	200	–	4,973	5,173
Amortisation expenses	(51)	–	(102)	(153)
Closing net book amount	<u>149</u>	<u>–</u>	<u>4,871</u>	<u>5,020</u>
At 30th September 2018				
Cost	1,484	2,725	75,600	79,809
Accumulated amortisation	(1,335)	–	(13,275)	(14,610)
Accumulated impairment	–	(2,725)	(57,454)	(60,179)
Net book amount	<u>149</u>	<u>–</u>	<u>4,871</u>	<u>5,020</u>
Period ended 30th September 2019				
(Unaudited)				
Opening net book amount	126	–	4,768	4,894
Additions	2	–	–	2
Amortisation expenses	(28)	–	(103)	(131)
Closing net book amount	<u>100</u>	<u>–</u>	<u>4,665</u>	<u>4,765</u>
At 30th September 2019				
Cost	1,434	–	75,600	77,034
Accumulated amortisation	(1,334)	–	(13,481)	(14,815)
Accumulated impairment	–	–	(57,454)	(57,454)
Net book amount	<u>100</u>	<u>–</u>	<u>4,665</u>	<u>4,765</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

16 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	(Unaudited) 30th September 2019 HK\$'000	(Audited) 31st March 2019 HK\$'000
Trading securities — listed securities		
At the beginning of the period/year	23,895	70,470
Fair value loss recognised in other comprehensive income	(4,657)	(46,575)
At the end of the period/year	<u>19,238</u>	<u>23,895</u>

At 30th September 2019 and 31st March 2019, the fair value was determined based on the share price of the listed securities. Details of the accounting treatment are set out in the Group's accounting policies.

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

17 INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	(Unaudited) 30th September 2019 HK\$'000	(Audited) 31st March 2019 HK\$'000
At the beginning of the period/year	—	1,115
De-recognition of investments in joint ventures <i>(Note)</i>	—	(81)
Dividend income declared/received	—	(1,034)
Interest in an associate, net	<u>—</u>	<u>—</u>

Note: On 5th December 2018, the Group entered into an agreement with an independent third party to sell all its interest in Chu Kong Cultural Media Company Limited for approximately HK\$9,000 and the transaction was completed during the year ended 31st March 2019.

Set out below is an associate of the Group as at 30th September 2019 and 31st March 2019.

Nature of investment in an associate as at 30th September 2019 and 1st March 2019:

Name of associate	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		30th September 2019	31st March 2019		
ByRead Inc. ("ByRead")	The Cayman Islands	24.97%	24.97%	<i>Note</i>	Equity

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

18 TRADE AND OTHER RECEIVABLES

	(Unaudited) 30th September 2019 HK\$'000	(Audited) 31st March 2019 HK\$'000
Trade receivables	11,655	13,798
Other receivables and deposits	546	517
Barter receivables	191	148
Prepayments and advances	1,277	2,348
	<u>13,669</u>	<u>16,811</u>

As at 30th September 2019 and 31st March 2019, the fair values of trade and other receivables approximated their carrying amounts.

The Group allows in general a credit period ranging from 30 to 120 days to its trade customers. As at 30th September 2019 and 31st March 2019, the ageing analysis of the Group's trade receivables by invoice date, net of allowance for impairment, is as follows:

	(Unaudited) 30th September 2019 HK\$'000	(Audited) 31st March 2019 HK\$'000
0 to 60 days	7,862	7,585
61 to 120 days	1,726	3,609
121 to 180 days	1,447	1,249
Over 180 days	620	1,355
	<u>11,655</u>	<u>13,798</u>

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

19 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares <i>(in thousands)</i>	Nominal values of ordinary shares of HK\$0.001 each <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2018, 30th September 2018, 31st March 2019 and 30th September 2019	<u>400,900</u>	<u>401</u>	<u>457,543</u>	<u>457,944</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

20 TRADE AND OTHER PAYABLES, CONTRACT LIABILITIES, AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	(Unaudited) 30th September 2019 HK\$'000	(Audited) 31st March 2019 HK\$'000
Trade payables	4,254	4,174
Other payables	7,188	8,446
	11,442	12,620
Contract liabilities	1,773	3,116
Amounts due to fellow subsidiaries <i>(Note 23(b))</i>	1,819	1,101
	15,034	16,837

As at 30th September 2019 and 31st March 2019, the ageing analysis of the trade payables by invoice date is as follows:

	(Unaudited) 30th September 2019 HK\$'000	(Audited) 31st March 2019 HK\$'000
0 to 60 days	2,621	2,333
61 to 120 days	1,461	1,677
121 to 180 days	109	103
Over 180 days	63	61
	4,254	4,174

As at 30th September 2019 and 31st March 2019, the fair values of trade and other payables and amounts due to fellow subsidiaries approximated their carrying amounts.

21 BANK BORROWINGS

	(Unaudited) 30th September 2019 HK\$'000	(Audited) 31st March 2019 HK\$'000
Current		
Short-term bank borrowings (unsecured) <i>(Note)</i>	810	–

Notes:

- (i) Bank borrowings are repayable within 1 year and carry at interest rate of 3.44% annually (31st March 2019: Nil).
- (ii) As at 30th September 2019, the Group's banking facilities were secured by corporate guarantees issued by the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

22 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	(Audited)			(Unaudited)
	As at			As at
	31 March	Net cash	Non-cash	30th September
	2019	outflows	changes	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank borrowings	–	810	–	810
Lease liabilities	–	(1,055)	6,620	5,565
Total liabilities from financing activities	<u>–</u>	<u>(245)</u>	<u>6,620</u>	<u>6,375</u>

23 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:

- (a) During the period ended 30th September 2019 and 2018, the Group entered into the following transactions with fellow subsidiaries:

	Note	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Circulation support services charges	1	479	445
Library services charges	2	44	84
Administrative support and IS programming support services charges	3	2,447	2,610
Charges for leasing and licensing of office space, storage space and parking spaces	4	1,396	1,288
Ticketing and accommodation expenses	5	149	237
Barter advertising expenses	6	228	237
Barter advertising income	7	(194)	(319)
Pension costs — defined contribution plans	8	<u>961</u>	<u>1,040</u>

Notes:

- (1) This represents recharge of circulation support services relating to the distribution, sale and promotion of the publications of the Group by a fellow subsidiary. It is charged on a cost reimbursement basis.
- (2) 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.
- (3) 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.
- (4) This represents charges paid to a fellow subsidiary for the leasing and licensing of office space, storage space and parking spaces. The rentals and licence fees are charged at a pre-determined rate calculated by reference to the prevailing market rates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

23 RELATED PARTY TRANSACTIONS *(Continued)*

(a) *(Continued)*

Notes: *(Continued)*

- (5) 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.
- (6) 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.
- (7) 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.
- (8) This represents defined contribution cost made to a fellow subsidiary for the Group's pension obligation. There is no stated policy or contractual agreement between the Group and the Media Chinese Group. It is charged based on a pre-determined rate of the employees' salaries.

- (b) The balances at 30th September 2019 and 31st March 2019 arising from the related party transactions as disclosed in Note 23(a) above are as follows:

	(Unaudited) 30th September 2019 HK\$'000	(Audited) 31st March 2019 HK\$'000
Amounts due to fellow subsidiaries <i>(Note 20)</i>	<u>1,819</u>	<u>1,101</u>

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.

(c) **Key management compensation**

	(Unaudited) Six months ended 30th September 2019 HK\$'000	2018 HK\$'000
Salaries and other short-term employee benefits	1,880	1,922
Contributions to pension scheme	18	18
	<u>1,898</u>	<u>1,940</u>

24 CONTINGENT LIABILITIES

As at 30th September 2019, the Group did not have any material contingent liabilities or guarantees (31st March 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results Summary

The Gross Domestic Product (GDP) in Hong Kong was a negative growth of 2.9% in the third quarter of 2019 when compared to previous year. This was compared to a moderate growth of 0.4% in the preceding quarter. According to the monthly retail sales report conducted by Hong Kong Census and Statistics Department, the value of total retail sales in September 2019, provisionally estimated at HK\$29.9 billion, decreased by 18.3% compared with the same month in 2018. The mass protest that has prolonged for the past 5 months with no signs of abatement has led to Hong Kong's economy being at its worst slump since the global financial crisis in 2008.

For the six months ended 30th September 2019, the Group recorded a turnover from continuing operations of HK\$37,790,000, a decrease of 15.4% or HK\$6,902,000 when compared to the Group's turnover of HK\$44,692,000 in the same period for the previous year. Despite the drop in its turnover, the Group's loss attributable to owners of the Company narrowed to HK\$8,814,000 from HK\$13,316,000 in the previous year. The improvement in its results was mainly due to the operations in Mainland China being discontinued and operational cost control. The loss from continuing operations was HK\$8,814,000 compared to the loss from continuing operations of HK\$6,638,000 for the same period for the previous year.

Review of Operations

Entertainment and Lifestyle Operation

Turnover for the entertainment and lifestyle operation fell by 17.8% to HK\$30,139,000 from HK\$36,675,000 in the corresponding period in previous year. The decline in this segment resulted in its losses widened by 132% to HK\$4,819,000 for this period if compared with last year.

Although the Group has further tightened its operational costs, the decrease in the segment turnover was much more than such cost savings. This segment business performance was not only affected by the state of Hong Kong's economy which is negatively impacted by the unresolved trade war between USA and China, but also the local spending downturn due to the recent protests in the city.

"*Ming Pao Weekly 明周*" ("MP Weekly"), its flagship, has been impacted by the subdued demand for luxury brands in the period under review. Nevertheless, it continues to be favored by its readers and its social media section has attracted more readers during the recent tumultuous period in Hong Kong. This is especially so for its publications on its website where its page views have also increased.

"*Ming's*", a magazine covering latest trends, fashion, beauty and lifestyle, continues to contribute to the Group's overall advertising income in the Entertainment and Lifestyle segment. The product was revamped in September 2019 with good and encouraging response from the market.

To ensure sustainability of its business, the Group continues to focus on building its expertise and presence in the digital domain for its operations. To increase its revenue, the Group has gone beyond its usual client base and reached out to new clients who were open to advertising solutions using original curated videos with creative storylines to expand their outreach in the local market.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Review of Operations (Continued)

Entertainment and Lifestyle Operation (Continued)

The Group is still actively pursuing opportunities in the event management sector targeting government events. The Group's artist management business continues to grow and improve with some successful artists under its management.

To cushion the decline in its turnover, the Group has intensified its cost optimisation efforts, which include savings on printing costs, retraining and reorganizing its manpower deployment with the aim of expanding the skillsets of its employees.

Watch and Car Operation and Others

Watch and car operation and others segment turnover slightly decreased by 4.6% from HK\$8,017,000 to HK\$7,651,000 compared to last year. Segment loss was HK\$1,674,000 compared to HK\$1,186,000 in the same period for the previous year.

"TopGear 極速誌" ("TopGear"), a leading automobile title and "MING Watch 明錶" ("Ming Watch"), a popular high-end watch title, offering quality feature stories and the latest industry trends, have been marginally affected by the slowdown in the economy but continue to be well received by their readers in both print and digital platforms. Due to the efforts on building their expertise and presences in digital platforms, their digital income continues to grow at a steady pace. TopGear has extended its operation from Hong Kong to Taiwan in terms of print and digital media.

Other Media Investments

To expand its business, the Group is always looking for investments involving strategic partnerships with new start-ups, especially in the digital media platform, with an intention to leverage on the expertise of these start-ups to enhance its digital platform. As at 30th September 2019, the Group has around 7.5% shareholdings in Most Kwai Chung Limited (Stock code: 1716), a media group listed on the main board of the Hong Kong Stock Exchange.

Outlook

The Group expects the second half of the financial year to be challenging. With the Hong Kong economy growing at a slower pace, the continuing trade war between the USA and China and retail market being affected by the protests, advertising spending will remain weak. The Group will face this bleak environment by focusing on improving its readership performance and also continuously developing its advertising production services.

CAPITAL EXPENDITURE

The Group's total capital expenditure for property, plant and equipment and intangible assets for the six months ended 30th September 2019 amounted to HK\$381,000.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

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

As at 30th September 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 of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules are as follows:

(a) Interests in the shares in the Company

Name of Director	Number of shares held	Nature of interests	Percentage of issued ordinary shares
Ms. TIONG Choon	26,000	Personal interests	0.01%
Mr. LAM Pak Cheong	3,000,000 (Note)	Corporate interests	0.75%

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

Note: The corporate interests of Mr. LAM Pak Cheong of 3,000,000 shares are held by Venture Logic Investments Limited, in which Mr. LAM holds 100% of its equity interests.

(b) Interests in the shares in Media Chinese

Name of Director	Number of shares held				Percentage of issued ordinary shares in Media Chinese
	Personal interests	Family interests	Corporate interests	Aggregate interests	
Ms. TIONG Choon	2,654,593	1,023,632	653,320	4,331,545	0.26%
Mr. TIONG Kiew Chiong	4,087,539	–	–	4,087,539	0.24%

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

Save as disclosed above, as at 30th September 2019, none of the Directors, chief executives and their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified or as required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code.

At no time during the six months ended 30th September 2019 were rights to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company granted to any directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire such rights in any other body corporate.

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

According to the register of interests in shares and short positions maintained under Section 336 of the SFO as at 30th September 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
Dato' Sri Dr. TIONG IK King	292,700,000 (<i>Note</i>)	Interest of controlled corporation	73.01%
Tan Sri Datuk Sir TIONG Hiew King	292,700,000 (<i>Note</i>)	Interest of controlled corporation	73.01%
Comwell Investment Limited	292,700,000 (<i>Note</i>)	Beneficial owner	73.01%

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

Note: These shares were wholly-owned by Comwell Investment Limited, which 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 16.52% 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 30th September 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

EMPLOYEES

As at 30th September 2019, the Group has 153 employees (31st March 2019: 152 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.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. Saved for disclosed below, the Company has complied with the CG Code throughout the six months ended 30th September 2019.

Following the resignation of Mr. YANG, Victor as an independent non-executive director ("INED") on 1st August 2019, the Board comprised five members, including two executive directors, one non-executive director and two INEDs, the number of INEDs falling below the minimum number required under Rule 3.10(1) of the Listing Rules. Mr. YANG, Victor also served as the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Company. Following Mr. YANG, Victor's resignation, the Audit Committee members decreased from three to two, below the minimum number required under Rule 3.21 of the Listing Rules; and the chairman of the Nomination Committee became vacant which did not fulfill the requirement under Code Provision A.5.1 of Appendix 14 of the Listing Rules.

CORPORATE GOVERNANCE *(Continued)*

On 1st September 2019, Mr. CHAU Cheuk Wah was appointed as an INED, the Chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Company. Following the appointment of Mr. CHAU, the number of INEDs and Audit Committee members of the Company fulfil the minimum number as required under Rule 3.10(1) and Rule 3.21 of the Listing Rules; and the appointment of the Chairman of the Nomination Committee fulfils the requirement under Code Provision A.5.1 of Appendix 14 of the Listing Rules.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. LAU Chi Wah, Alex and Mr. CHAU Cheuk Wah. The Audit Committee has reviewed the Group's unaudited condensed consolidated financial information for the six months ended 30th September 2019 and discussed matters relating to auditing, risk management and internal control systems and financial reporting.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. LAU Chi Wah, Alex and Mr. CHAU Cheuk Wah and one executive Director, namely, Mr. TIONG Kiew Chiong.

NOMINATION COMMITTEE

The Nomination Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. LAU Chi Wah, Alex and Mr. CHAU Cheuk Wah and one executive Director, namely, Mr. TIONG Kiew Chiong.

By order of the Board

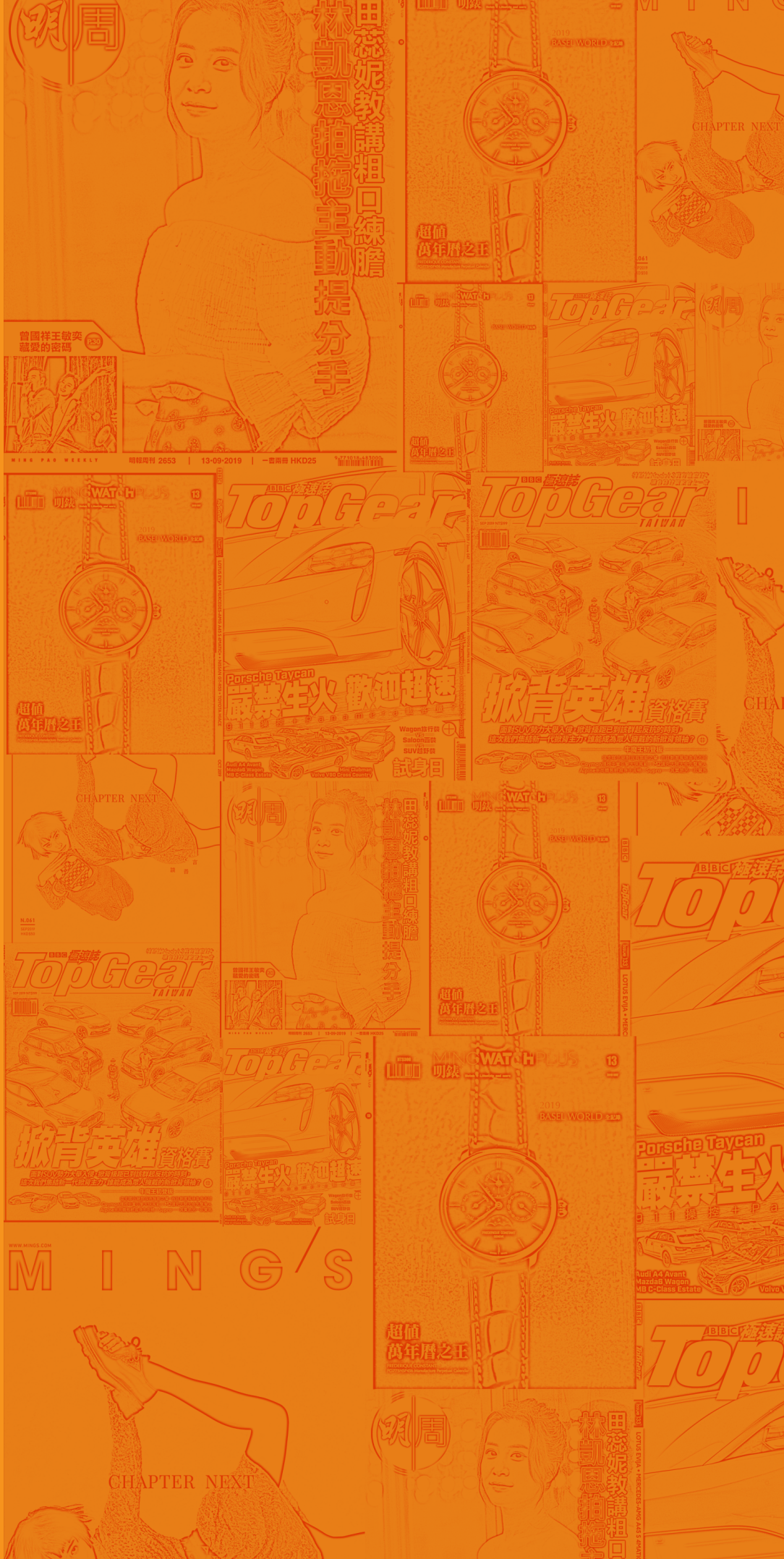
One Media Group Limited

TIONG Kiew Chiong

Director

Hong Kong, 25th November 2019

As at the date of this report, the Board of Directors comprises Ms. TIONG Choon, being non-executive Director; Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong, being executive Directors; and Mr. YU Hon To, David, Mr. LAU Chi Wah, Alex and Mr. CHAU Cheuk Wah, being independent non-executive Directors.



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