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ONEMEDIAGROUP

One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2017

The directors (the "Directors") of One Media Group Limited (the "Company") announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2017, together with the comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2017

		(Unaudited) Six months ended 30th September	
		2017	2016
	Note	***HK$'000***	*HK$'000*
Turnover	*4*	**46,056**	50,307
Cost of goods sold		**(33,195)**	(34,534)
Gross profit		**12,861**	15,773
Other income	*11*	**912**	683
Selling and distribution expenses		**(13,308)**	(13,229)
Administrative expenses		**(17,325)**	(15,848)
Operating loss		**(16,860)**	(12,621)
Share of results of joint ventures and associates	*6*	**657**	2,410
Loss before income tax		**(16,203)**	(10,211)
Income tax (expense)/credit	*12*	**(402)**	1,418
Loss for the period		**(16,605)**	(8,793)
Loss attributable to:			
— Owners of the Company		**(16,605)**	(8,793)
— Non-controlling interests		**–**	–
		(16,605)	(8,793)
Loss per share attributable to owners of the Company during the period (expressed in HK cents per share)			
— Basic and diluted	*13*	**(4.14)**	(2.19)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2017

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER 2017

	Note	(Unaudited) 30th September 2017 HK$'000	(Audited) 31st March 2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,581**	2,006
Intangible assets	5	**24,733**	25,302
Investments accounted for using equity method	6	**4,137**	5,680
Total non-current assets		**30,451**	32,988
Current assets			
Inventories		**1,690**	4,686
Trade and other receivables	7	**28,638**	25,321
Amounts due from fellow subsidiaries	7	**36**	29
Income tax recoverable		**211**	4,445
Cash and cash equivalents		**30,733**	38,325
Total current assets		**61,308**	72,806
Total assets		**91,759**	105,794
EQUITY			
Equity attributable to owners of the Company			
Share capital	8	**401**	401
Share premium	8	**457,543**	457,543
Other reserves		**(325,809)**	(326,462)
Accumulated losses		**(63,035)**	(46,430)
Total equity		**69,100**	85,052
LIABILITIES			
Non-current liabilities			
Long service payment obligations		**72**	72
Total non-current liabilities		**72**	72
Current liabilities			
Trade and other payables	9	**21,517**	19,775
Amounts due to fellow subsidiaries	9	**1,070**	895
Total current liabilities		**22,587**	20,670
Total liabilities		**22,659**	20,742
Total equity and liabilities		**91,759**	105,794

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

This unaudited condensed consolidated interim financial information ("Financial Information") is presented in Hong Kong dollars, unless otherwise stated, and have been approved for issue by the Board of Directors on 28th November 2017.

2 BASIS OF PREPARATION

This Financial Information for the six months ended 30th September 2017 is unaudited and has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standard Board ("IASB") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

This Financial Information should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31st March 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the accompanying explanatory notes attached to this Financial Information.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2017, as described in those annual financial statements.

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

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

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

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

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

(a) IFRS 9, "Financial Instruments"

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

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

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

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

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

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

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

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

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

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

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

(c) IFRS 16, "Leases"

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

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

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

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

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

4 SEGMENT INFORMATION

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

The executive committee considers the business from geographic perspective. Geographically, management considers the performance of the media business for the lifestyle magazines in Hong Kong and Taiwan, automobile/watch magazines and others in Hong Kong and Taiwan and the Mainland China operation.

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

The Group mainly operates its business for the lifestyle magazines in Hong Kong and Taiwan, automobile/watch magazines and others in Hong Kong and Taiwan and the Mainland China operation. The breakdown of total revenue from external customers from these areas and the Group's turnover and results provided to the executive committee for the reporting segments for the period ended 30th September 2017 and 2016 are as follows:

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

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

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

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

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

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

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

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

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

The total of non-current assets located in Hong Kong and Taiwan is HK$30,264,000 (31st March 2017: HK$32,777,000) and the total of non-current assets located in Mainland China is HK$187,000 (31st March 2017: HK$211,000).

5 INTANGIBLE ASSETS

	Group			
	Computer software ***HK$'000***	**Goodwill** ***HK$'000***	**Trademarks** ***HK$'000***	**Total** ***HK$'000***
Period ended 30th September 2016				
Opening net book amount	328	–	65,940	66,268
Additions	24	–	–	24
Amortisation expenses	(101)	–	(1,260)	(1,361)
Closing net book amount	251	–	64,680	64,931
At 30th September 2016				
Cost	1,318	2,725	75,600	79,643
Accumulated amortisation	(1,067)	-	(10,920)	(11,987)
Accumulated impairment	–	(2,725)	–	(2,725)
Net book amount	251	–	64,680	64,931

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

6 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

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

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

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

Notes:

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

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

(ii) Blackpaper is an indirect wholly-owned subsidiary of Most Kwai Chung after a reorganisation undertaken in July 2017 and is engaged in providing creative multimedia services and advertising campaigns.

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

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

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

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

Name of JVs	**Place of incorporation**	**Effective equity interest**		**Principal activities**	**Measurement method**
		2017	2016		
Chu Kong Culture Media Company Limited ("Chu Kong")	British Virgin Islands	**40%**	40%	*Note (i)*	Equity
Connect Media Company Limited ("Connect Media")	Hong Kong	**40%**	40%	*Note (i)*	Equity

Note:

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

During the year ended 31st March 2017, Connect Media signed a subcontracting agreement with a fellow subsidiary of the other joint venturer (the "Subcontractor") to manage the daily operations of Connect Media for three years. For each year, all losses incurred by Connect Media will be borne by the Subcontractor, while the Subcontractor will be entitled to a certain amount of profit generated by Connect Media as service fee. Any profit exceeding that amount will be shared equally between Connect Media and the Subcontractor.

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

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

7 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	(Unaudited) 30th September 2017	(Audited) 31st March 2017
	HK$'000	*HK$'000*
Trade receivables	**22,184**	22,676
Less: allowance for impairment of trade receivables	**(665)**	(633)
Trade receivables — net	**21,519**	22,043
Other receivables — net	**7,119**	3,278
	28,638	25,321
Amounts due from fellow subsidiaries	**36**	29
	28,674	25,350

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

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

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

Other receivables comprised the following:

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

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

8 SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares *(in thousands)*	**Ordinary shares** *HK$'000*	**Share premium** *HK$'000*	**Total** *HK$'000*
At 1st April 2016, 30th September 2016, 31st March 2017 and 30th September 2017	400,900	401	457,543	457,944

9 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

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

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

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

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

10 EXPENSES BY NATURE

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

	(Unaudited) Six months ended 30th September	
	2017	2016
	HK$'000	*HK$'000*
Paper consumed	**4,025**	5,193
Depreciation of property, plant and equipment	**514**	858
Amortisation of intangible assets *(Note 5)*	**569**	1,361
Employee benefit expense (including directors' emoluments)	**31,719**	31,332
Occupancy costs	**2,132**	2,199
Loss on disposal of property, plant and equipment	**10**	2

11 OTHER INCOME

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

12 INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period.

No provision for the People's Republic of China ("PRC") current enterprise income tax has been made as subsidiaries in the PRC were loss making or had utilised tax losses to offset the assessable profits during the six months ended 30th September 2017 and 2016.

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

13 LOSS PER SHARE

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

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

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

14 DIVIDENDS

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

15 CONTINGENT LIABILITIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Results Summary

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

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

Review of Operations

Hong Kong and Taiwan

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

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

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

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

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

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

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

Mainland China

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

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

Digital Media

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

Other Media Investments

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

Status of Possible Disposal

Reference is made to the joint announcement dated 1st August 2016 (the "First Joint Announcement"), jointly issued by Qingdao West Coast Holdings (Internation) Limited ("Qingdao West Coast") and the Company. As stated in the First Joint Announcement, the Directors were informed by the Company's controlling shareholder, Comwell Investment Limited ("Comwell"), that on 22nd July 2016, Comwell (as vendor) and Qingdao West Coast (as purchaser) entered into a share transfer agreement (the "Share Transfer Agreement"), pursuant to which Comwell conditionally agreed to sell and Qingdao West Coast conditionally agreed to purchase 292,700,000 shares in the Company, representing approximately 73.01% of the entire issued share capital of the Company.

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

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

Outlook

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

CAPITAL EXPENDITURE

The Group's total capital expenditure for property, plant and equipment and intangible assets for the six months ended 30th September 2017 amounted to HK$91,000.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30th September 2017, the Group's net current assets amounted to HK$38,721,000 (31st March 2017: HK$52,136,000) and the total equity attributable to the equity holders of the Company was HK$69,100,000 (31st March 2017: HK$85,052,000). The Group had no bank borrowings (31st March 2017: Nil) and the gearing ratios, which is defined as the ratio of net debt, calculated as total borrowings less cash and cash equivalents, to total capital, calculated as total equity attributable to the Company's equity holders plus net debt, was zero at 30th September 2017 (31st March 2017: zero).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

EMPLOYEES

As at 30th September 2017, the Group has 213 employees (31st March 2017: 202 employees), of which 179 were stationed in Hong Kong and Taiwan, and 34 were stationed in the Mainland China, respectively. The Group remunerates its employees based on the operating results, individual performance and comparable market statistics. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee regularly.

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

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules and complied with the CG Code throughout the period, except for the deviation from code provision E.1.2 of the CG Code.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Upon doctor's advice, Tan Sri Datuk Sir TIONG Hiew King, the Chairman of the Board of Directors, was on medical leave and unable to attend the annual general meeting of the Company held on 10th August 2017. In his absence, Mr. TIONG Kiew Chiong, the executive Director and Deputy Chairman of the Company attended and took the chair of the said annual general meeting and ensured that proceedings of the meeting were conducted in order. The Company considers that sufficient measures have been taken to ensure that Company's corporate governance practices are no less exacting than those in the CG Code.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 set out in the Model Code throughout the period.

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

AUDIT COMMITTEE

The Company established an Audit Committee on 26th September 2005 with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. Victor YANG and Mr. LAU Chi Wah, Alex. The Audit Committee has reviewed the Group's unaudited condensed consolidated financial information for the six months ended 30th September 2017 and discussed matters relating to auditing, risk management and internal control systems and financial reporting.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

By Order of the Board
One Media Group Limited
TIONG Kiew Chiong
Director

Hong Kong, 28th November 2017

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

The Company's Interim Report 2017/18 containing all the information required by the Listing Rules will be published on The Stock Exchange of Hong Kong Limited's website in due course and will be dispatched to shareholders before end of December 2017.