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万 华 媒 体
ONEMEDIAGROUP

One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2018

The directors (the "Directors") of One Media Group Limited (the "Company") announce the consolidated final results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2018 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31st March

	Note	2018 HK$'000	2017 HK$'000
Turnover	3	**100,047**	104,094
Cost of goods sold		**(65,795)**	(68,801)
Gross profit		**34,252**	35,293
Other income		**2,289**	1,936
Gain on deemed disposal of investment in an associate	6	**21,317**	–
Selling and distribution expenses		**(27,523)**	(26,512)
Administrative expenses		**(32,249)**	(36,122)
Provision for impairment on trademarks	4	**(19,034)**	(38,420)
Operating loss		**(20,948)**	(63,825)
Share of results of joint ventures and associates		**618**	3,372
Loss before income tax		**(20,330)**	(60,453)
Income tax expense	10	**(220)**	(1,566)
Loss for the year		**(20,550)**	(62,019)
Loss attributable to:			
Owners of the Company		**(20,550)**	(62,019)
Non-controlling interests		**–**	–
		(20,550)	(62,019)
Loss per share attributable to owners of the Company for the year (expressed in HK cents per share)			
— Basic and diluted	11	**(5.1)**	(15.5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st March

	Note	**2018**	2017
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,753**	2,006
Intangible assets	*4*	**5,173**	25,302
Available-for-sale financial asset	*5*	**70,470**	–
Investments accounted for using the equity method	*6*	**1,115**	5,680
Total non-current assets		**78,511**	32,988
Current assets			
Inventories		**1,406**	4,686
Trade and other receivables	*7*	**20,800**	25,321
Amounts due from fellow subsidiaries	*7*	**3**	29
Income tax recoverable		**1,005**	4,445
Cash and cash equivalents		**29,761**	38,325
Total current assets		**52,975**	72,806
Total assets		**131,486**	105,794
EQUITY			
Equity attributable to owners of the Company			
Share capital		**401**	401
Share premium		**457,543**	457,543
Other reserves		**(279,273)**	(326,462)
Accumulated losses		**(66,980)**	(46,430)
Total equity		**111,691**	85,052
LIABILITIES			
Non-current liabilities			
Long service payment obligations		**50**	72
Total non-current liabilities		**50**	72
Current liabilities			
Trade and other payables	*8*	**18,781**	19,775
Amounts due to fellow subsidiaries	*8*	**964**	895
Total current liabilities		**19,745**	20,670
Total liabilities		**19,795**	20,742
Total equity and liabilities		**131,486**	105,794

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

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

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

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

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

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

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

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

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

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

		Effective for annual periods beginning on or after
Annual improvement	Annual improvement 2014–2016 Cycle (amendments)	1st January 2018
Amendments to IAS 28	Investment in associates and joint ventures	1st January 2018
Amendments to IAS 40	Transfers of investment property	1st January 2018
Amendments to IFRS 1	Deletion of short-term exemptions for first-time adopters	1st January 2018
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	1st January 2018
Amendments to IFRS 4	Insurance contracts	1st January 2018
Amendments to IFRS 9	Prepayment features with negative compensation	1st January 2019
Amendments to IFRS 10 and IAS 28	Sale or distribution of assets between an investor and its associate or joint venture	Effective date to be determined
Amendments to IFRS 15	Clarifications to IFRS 15	1st January 2018
IFRS 9	Financial instruments	1st January 2018
IFRS 15	Revenue from contracts with customers	1st January 2018
IFRS 16	Leases	1st January 2019
IFRS 17	Insurance contracts	1st January 2021
IFRIC 22	Foreign currency transactions and advance consideration	1st January 2018
IFRIC 23	Uncertainty over income tax treatments	1st January 2019

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

IFRS 9 Financial instruments

IFRS 9, "Financial instruments" replaces the whole of IAS 39, IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However,

management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

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

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

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

IFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

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

IFRS 15 Revenue from contracts with customers

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

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

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

IFRS 16 Lease

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

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

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

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

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

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

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

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

The Group mainly operates its business for the lifestyle magazines in Hong Kong and Taiwan, automobile/ watch magazines and others in Hong Kong and Taiwan and the Mainland China operation. The breakdown of total revenue from external customers from these areas and the Group's turnover and results provided to the executive committee for the reporting segments for the year ended 31st March 2018 are as follows:

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

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

	Media Business				
	Hong Kong and Taiwan				
	Lifestyle magazines	Automobile/ watch magazines and others	Sub total	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	78,124	16,386	94,510	9,584	104,094
Segment operating loss	(48,420)	(4,387)	(52,807)	(2,032)	(54,839)
Unallocated expenses					(8,986)
Operating loss					(63,825)
Share of results of joint ventures and associates	–	3,372	3,372	–	3,372
Loss before income tax					(60,453)
Income tax expense					(1,566)
Loss for the year					(62,019)
Other segmental information:					
Interest income	129	–	129	107	236
Provision for impairment on trademarks	38,420	–	38,420	–	38,420
Depreciation of property, plant and equipment	1,155	153	1,308	165	1,473
Amortisation of intangible assets	2,675	31	2,706	–	2,706

4 INTANGIBLE ASSETS

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

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

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

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

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

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

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

Key assumptions used for the DCF projections:

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

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

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

5 AVAILABLE-FOR-SALE FINANCIAL ASSET

	2018	2017
	HK$'000	*HK$'000*
Listed securities		
At 1st April	**–**	–
Addition *(Note 6(ii))*	**24,300**	–
Fair value gain recognised in other comprehensive income	**46,170**	–
At 31st March	**70,470**	–

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

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

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

6 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

The Group's investments accounted for using the equity method represented the Group's interests in joint ventures ("JVs") and associates.

Set out below are the JVs of the Group as at 31st March 2018:

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

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

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

In April 2016, Connect Media signed a subcontracting agreement with a fellow subsidiary of the other joint venturer (the "Subcontractor") to manage the daily operations of Connect Media for three years. For each year, all losses incurred by Connect Media will be borne by the Subcontractor, while the Subcontractor will be entitled to a certain amount of profit generated by Connect Media as service fee. Any profit exceeding that amount will be shared equally between Connect Media and the Subcontractor.

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

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

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

Name of associates	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		2018	2017		
ByRead Inc. ("ByRead")	The Cayman Islands	**24.97%**	24.97%	*Note (i)*	Equity
Blackpaper Limited ("Blackpaper")	Hong Kong	**–**	10%	*Note (ii)*	Equity
Most Kwai Chung Limited ("Most Kwai Chung")	The Cayman Islands	**–**	N/A	*Note (ii)*	Equity

Notes:

(i) ByRead is an investment holding company and the principal activities of its subsidiaries include the provision of mobile value-added services such as entertainment and online reading for individuals and enterprises in Mainland China. ByRead is a private company and there is no quoted market price available for its shares. There is no contingent liabilities relating to the Group's interest in the associate.

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

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

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

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

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

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

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

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

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

7 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

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

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

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

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

8 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

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

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

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

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

9 EXPENSES BY NATURE

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

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

10 INCOME TAX EXPENSE

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

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

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

11 LOSS PER SHARE

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

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

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

12 DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Results Summary

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

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

Review of Operations

Hong Kong and Taiwan

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

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

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

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

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

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

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

Mainland China

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

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

Digital Media

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

Other Media Investments

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

Sustainability

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

Outlook

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

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

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

CONTINGENT LIABILITIES

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

CLOSURE OF THE REGISTER OF THE MEMBERS

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

EMPLOYEES

As at 31st March 2018, the Group has approximately 193 employees (2017: 202 employees), of which 170 was stationed in Hong Kong and Taiwan, and 23 was stationed in the Mainland China, respectively. The Group remunerates its employees based on the operating results, individual performance and comparable market statistics. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee regularly.

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

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with the CG Code throughout the year, except for the deviation from code provisions E.1.2 and A.2.7 of the CG Code.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Code provision A.2.7 stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. Tan Sri Datuk Sir TIONG Hiew King, who was the Chairman of the Board of Directors until 31st March 2018, is currently on medical leave upon doctor's advice, he was unable to attend the annual general meeting of the Company held on 10th August 2017 and had not held meeting with the non-executive directors of the Company during the year. In his absence, Mr. TIONG Kiew Chiong, the Executive Director and Deputy Chairman of the Company attended and took the chair of the said annual general meeting and ensured that proceedings of the meeting were conducted in order. In place of Tan Sri Datuk Sir TIONG Hiew King, Ms. TIONG Choon, a Non-executive Director of the Company, has been appointed as the Chairman of the Board of Directors with effect from 1st April 2018. The Company considers that sufficient measures have been taken to ensure that Company's corporate governance practices are no less exacting than those in the CG Code.

A detailed Corporate Governance Report setting out the Group's framework and explanations about how the provisions of the CG Code have been applied will be included in the Company's Annual Report 2017/18.

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 year.

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 consolidated financial statements for the year ended 31st March 2018 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, 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, 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, 30th May 2018

As at the date of this announcement, the board of the Company comprises Ms. TIONG Choon and Tan Sri Datuk Sir TIONG Hiew King, being non-executive directors; 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 Annual 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 July 2018.