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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 2018

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 2018, together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2018

		(Unaudited)	
		Six months ended	
		30th September	
		2018	2017
	Note	HK\$'000	HK\$'000
			(Restated)
Continuing operations			
Turnover	5	44,692	44,095
Cost of goods sold		(28,824)	(31,625)
		<hr/>	<hr/>
Gross profit		15,868	12,470
Other income	13	661	847
Selling and distribution expenses		(11,186)	(11,422)
Administrative expenses		(11,880)	(14,316)
		<hr/>	<hr/>
Operating loss		(6,537)	(12,421)
Share of results of joint ventures and associates	8	–	657
		<hr/>	<hr/>
Loss before income tax		(6,537)	(11,764)
Income tax expense	14	(101)	(402)
		<hr/>	<hr/>
Loss for the period from continuing operations		(6,638)	(12,166)
Loss for the period from discontinued operation (attributable to equity holders of the Company)	15	(6,678)	(4,439)
		<hr/>	<hr/>
Loss for the period		<u>(13,316)</u>	<u>(16,605)</u>

		(Unaudited)	
		Six months ended	
		30th September	
		2018	2017
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Loss is attributable to:			
– Owners of the Company			
– from continuing operations		(6,638)	(12,166)
– from discontinued operation		(6,678)	(4,439)
		<u>(13,316)</u>	<u>(16,605)</u>
– Non-controlling interests		–	–
		<u>(13,316)</u>	<u>(16,605)</u>
Loss per share attributable to owners of the Company during the period (expressed in HK cents per share)			
– from continuing operations		(1.65)	(3.03)
– from discontinued operation		(1.67)	(1.11)
Basic and diluted	<i>16</i>	<u>(3.32)</u>	<u>(4.14)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2018

	(Unaudited)	
	Six months ended	
	30th September	
	2018	2017
	HK\$'000	HK\$'000
		(Restated)
Loss for the period	(13,316)	(16,605)
Other comprehensive loss		
<i>Items that have been reclassified or may be reclassified subsequently to profit or loss</i>		
Release of currency translation reserve upon disposal of subsidiaries	1,682	–
Currency translation differences	(663)	653
<i>Item that will not be reclassified to profit or loss</i>		
Fair value loss on financial asset at fair value through other comprehensive income	(45,157)	–
Total comprehensive loss for the period	(57,454)	(15,952)
Total comprehensive loss for the period attributable to:		
– Owners of the Company arises from:		
– from continuing operations	(56,398)	(9,828)
– from discontinued operation	(1,056)	(6,124)
	(57,454)	(15,952)
– Non-controlling interests	–	–
	(57,454)	(15,952)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2018

		(Unaudited) 30th September 2018 HK\$'000	(Audited) 31st March 2018 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		1,546	1,753
Intangible assets	6	5,020	5,173
Available-for-sale financial asset		–	70,470
Financial asset at fair value through other comprehensive income	7	25,313	–
Investments accounted for using equity method	8	1,115	1,115
Total non-current assets		<u>32,994</u>	<u>78,511</u>
Current assets			
Inventories		848	1,406
Trade and other receivables	9	23,031	20,800
Amount due from a fellow subsidiary	9	–	3
Income tax recoverable		502	1,005
Cash and cash equivalents		17,994	29,761
Total current assets		<u>42,375</u>	<u>52,975</u>
Total assets		<u><u>75,369</u></u>	<u><u>131,486</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	401	401
Share premium	10	457,543	457,543
Other reserves		(323,411)	(279,273)
Accumulated losses		(80,296)	(66,980)
Total equity		<u>54,237</u>	<u>111,691</u>
LIABILITIES			
Non-current liabilities			
Long service payment obligations		50	50
Total non-current liabilities		<u>50</u>	<u>50</u>
Current liabilities			
Trade and other payables	11	20,063	18,781
Amounts due to fellow subsidiaries	11	1,019	964
Total current liabilities		<u>21,082</u>	<u>19,745</u>
Total liabilities		<u><u>21,132</u></u>	<u><u>19,795</u></u>
Total equity and liabilities		<u><u>75,369</u></u>	<u><u>131,486</u></u>

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 has been approved for issue by the Board of Directors on 29th November 2018.

2 BASIS OF PREPARATION

This Financial Information for the six months ended 30th September 2018 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 2018, 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 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 2018 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 and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- IFRS 9, “Financial instruments”; and
- IFRS 15, “Revenue from contracts with customers”.

The impact of the adoption of these new standards and new accounting policies are disclosed in note 4 below. The other new standards did not have any material impact on the Group’s accounting policies and did not require retrospective adjustments.

(ii) Impact of new and amended standards and interpretation 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 are not yet effective and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Annual improvement	Annual improvements to IFRSs 2015–2017 cycle	1st January 2019
Amendments to IAS 19	Plan amendments, curtailment or settlement	1st January 2019
Amendments to IAS 28	Long-term interests in associates and joint ventures	1st January 2019
Amendments to IFRS 9	Prepayment features with negative compensation	1st January 2019
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
IFRS 16	Leases	1st January 2019
IFRS 17	Insurance contracts	1st January 2021
IFRIC 23	Uncertainty over income tax treatments	1st January 2019

(a) IFRS 16 Leases

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

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of approximately HK\$1,046,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of assets and liabilities for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that do not qualify as leases under IFRS 16.

The standard is mandatory for financial years commencing on or after 1st January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

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

4 CHANGES IN ACCOUNTING POLICIES

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

(a) IFRS 9 Financial Instruments — Impact of adoption

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

The adoption of IFRS 9 from 1st April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the Group’s consolidated financial statements. The new accounting policies are set out in note 4(a)(1) and 4(a)(2) below. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

(1) Classification and measurement

On 1st April 2018 (the date of initial application of IFRS 9), the Group’s management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification changes on the Group’s financial assets are as follows:

	Financial assets at fair value through other comprehensive income HK\$’000	Available- for-sale financial assets HK\$’000
Closing balance 31st March 2018 — IAS 39	—	70,470
Reclassify investments from available-for-sale (“AFS”) to financial assets at fair value through other comprehensive income (“FVOCI”) <i>Note</i>	70,470	(70,470)
Opening balance 1st April 2018 — IFRS 9	70,470	—

The impact of these changes on the Group’s equity is as follows:

	Effect on AFS reserves HK\$’000	Effect on FVOCI Reserves HK\$’000
Closing balance 31st March 2018 — IAS 39	46,170	—
Reclassify investments from AFS to FVOCI <i>Note</i>	(46,170)	46,170
Opening balance 1st April 2018 — IFRS 9	—	46,170

Note:

Reclassification from AFS to FVOCI

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

(2) *Impairment of financial assets*

The Group has the following financial assets at amortised cost that are subjects to IFRS 9’s new expected credit loss (“ECL”) model:

- Trade and other receivables

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. While cash and cash equivalents and short-term bank deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measure ECLs which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. ECLs on trade receivables are estimated using a provision matrix based on the Group’s historical credit loss experience. The adoption of the ECL requirements of IFRS 9 does not change the impairment allowance of the Group’s trade and other receivables and have no impact on retained earnings as of 1st April 2018.

(b) IFRS 9 Financial Instruments —Accounting policies applied from 1st April 2018

(1) *Investments and other financial assets*

Classification

From 1st April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

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

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

Impairment

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

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) IFRS 15 Revenue from Contracts with Customers — Impact of adoption

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1st April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the Group has elected to use a modified retrospective approach for the transition to IFRS 15 whereby the effects of adopting IFRS 15 for uncompleted contracts with customers as at 31st March 2018 are recognised as adjustment to the opening balances of the Group’s consolidated statement of financial position as at 1st April 2018 and prior period comparatives are not restated.

The accounting policies were changed to comply with IFRS 15, which replaces the provisions of IAS 18 Revenue and the related interpretations that relate to the recognition, classification and measurement of revenue and costs.

Reclassifications were made as at 1st April 2018 to be consistent with the terminology used under IFRS 15.

(1) Presentation of contract asset and contract liability

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group's contract liabilities represented payments received by the Group in advance for subscription of its publications and customer deposits received by its tour operations, which the Group will recognise as revenue when the publications are delivered and the travel services are provided to the customers. These were previously recorded as receipts in advance and were classified under "trade and other payables".

The adoption of IFRS 15 does not have a significant impact on how the Group recognises revenue and there is no impact of transition to IFRS 15 on the Group's retained earnings at 1st April 2018.

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

(2) *Accounting for publishing and printing business*

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

The impact on the Group's financial position by the application of IFRS 15 is as follows:

Condensed consolidated statement of financial position (extract)	As at 1 April 2018		
	As previously reported <i>HK\$'000</i>	Reclassification under IFRS 15 <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Trade and other payables	19,745	(2,728)	17,017
Contract liabilities	–	2,728	2,728
	<u>19,745</u>	<u>–</u>	<u>19,745</u>

5 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 and the Mainland China operation and also the performance of the entertainment and lifestyle operation and the watch and car operation and others, respectively.

The breakdown of total revenue from external customers from these areas and the Group's turnover and results provided to the executive committee for the reporting segments for the period ended 30th September 2018 and 2017 are as follows:

(Unaudited)					
Six months ended 30th September 2018					
Media Business					
	Continuing operations			Discontinued operation	
	Hong Kong and Taiwan			<i>(Note)</i>	
	Entertainment and lifestyle operation <i>HK\$'000</i>	Watch and car operation and others <i>HK\$'000</i>	Sub total <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	36,675	8,017	44,692	463	45,155
Segment operating loss	(2,075)	(1,186)	(3,261)	(6,678)	(9,939)
Unallocated expenses					(3,276)
Operating loss					(13,215)
Share of results of joint ventures ("JVs") and associates <i>(Note 8)</i>					-
Loss before income tax					(13,215)
Income tax expense					(101)
Loss for the period					(13,316)
Other segmental information:					
Interest income	36	-	36	16	52
Depreciation of property, plant and equipment	311	41	352	-	352
Amortisation of intangible assets	146	7	153	-	153

Note: During the period ended 30th September 2018, the Group disposed of its entire equity interest in two subsidiaries in Mainland China. The related financial information of the disposed entities is presented as discontinued operation. The comparative figures in the condensed consolidated income statement have been restated to distinguish discontinued operation from continuing operations.

(Unaudited)
Six months ended 30th September 2017
Media Business

	Continuing operations			Discontinued operation	Total <i>HK\$'000</i>
	Hong Kong and Taiwan			Mainland China <i>HK\$'000</i>	
	Entertainment and lifestyle operation <i>HK\$'000</i>	Watch and car operation and others <i>HK\$'000</i>	Sub total <i>HK\$'000</i>		
Turnover	36,186	7,909	44,095	1,961	46,056
Segment operating loss	(6,599)	(2,578)	(9,177)	(4,439)	(13,616)
Unallocated expenses					(3,244)
Operating loss					(16,860)
Share of results of JVs and associates					657
Loss before income tax					(16,203)
Income tax expense					(402)
Loss for the period					(16,605)
Other segmental 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

6 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 2017				
Opening net book amount	302	–	25,000	25,302
Amortisation expenses	(73)	–	(496)	(569)
Closing net book amount	<u>229</u>	<u>–</u>	<u>24,504</u>	<u>24,733</u>
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	<u>229</u>	<u>–</u>	<u>24,504</u>	<u>24,733</u>
Period ended 30th September 2018				
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>

7 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	(Unaudited) 30th September 2018 HK\$'000	(Audited) 31st March 2018 HK\$'000
Listed equity securities		
At the beginning of the period/year	70,470	–
Fair value loss recognised in other comprehensive income	(45,157)	–
	<u>25,313</u>	<u>–</u>
At the end of the period/year	<u>25,313</u>	<u>–</u>

At the adoption of IFRS 9, investment in listed securities held as long-term strategic investments that are not expected to be sold in the short to medium term were reclassified from available-for-sale financial assets to financial assets at FVOCI. Financial assets at FVOCI is carried at fair value. Gain or loss arising from changes in the fair value is recognised in “other comprehensive income” in the consolidated statement of comprehensive income. As at 30th September 2018, the fair value was determined based on the share price at 30th September 2018 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.

8 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	(Unaudited) 30th September 2018 HK\$'000	(Audited) 31st March 2018 HK\$'000
At the beginning of the period/year	1,115	5,680
Share of results of JVs and associates	–	618
De-recognition of investment in an associate	–	(2,983)
Dividend income declared/received	–	(2,200)
	<u>1,115</u>	<u>1,115</u>
Interests in JVs and associates, net	<u>1,115</u>	<u>1,115</u>

Set out below is the associate of the Group as at 30th September 2018 and 31st March 2018.

Name of associate	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		30th September 2018	31st March 2018		
ByRead Inc. (“ByRead”)	The Cayman Islands	24.97%	24.97%	Note	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.

Set out below are the JVs of the Group as at 30th September 2018 and 31st March 2018.

Name of JVs	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		30th September 2018	31st March 2018		
Chu Kong Culture Media Company Limited (“Chu Kong”)	British Virgin Islands	40%	40%	Note	Equity
Connect Media Company Limited (“Connect Media”)	Hong Kong	40%	40%	Note	Equity

Note:

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.

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 the service fee will be shared equally between Connect Media and the Subcontractor. For the period ended 30th September 2018, no profit was shared by Connect Media as its profit did not exceed the service fee.

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.

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

	(Unaudited) 30th September 2018 HK\$’000	(Audited) 31st March 2018 HK\$’000
Trade receivables	18,762	18,121
Less: allowance for impairment of trade receivables	—	(699)
Trade receivables — net	18,762	17,422
Other receivables — net	4,269	3,378
Amount due from a fellow subsidiary	—	3
	23,031	20,803

As at 30th September 2018 and 31st March 2018, the fair values of trade and other receivables and amount due from a fellow subsidiary 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 2018 and 31st March 2018, the ageing analysis of the Group's trade receivables by invoice date, net of allowance for impairment, is as follows:

	(Unaudited) 30th September 2018 <i>HK\$'000</i>	(Audited) 31st March 2018 <i>HK\$'000</i>
0 to 60 days	11,305	10,328
61 to 120 days	4,911	3,265
121 to 180 days	1,433	2,627
Over 180 days	1,113	1,901
	<u>18,762</u>	<u>18,121</u>

Other receivables comprised the following:

	(Unaudited) 30th September 2018 <i>HK\$'000</i>	(Audited) 31st March 2018 <i>HK\$'000</i>
Prepayment	3,118	1,858
Rental and utilities deposit	18	312
Others	1,133	1,208
	<u>4,269</u>	<u>3,378</u>

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

10 SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares <i>(in thousands)</i>	Ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2017, 30th September 2017, 31st March 2018 and 30th September 2018	<u>400,900</u>	<u>401</u>	<u>457,543</u>	<u>457,944</u>

11 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	(Unaudited) 30th September 2018 HK\$'000	(Audited) 31st March 2018 HK\$'000
Trade payables	4,845	3,417
Other payables	9,596	12,103
Receipt in advance	–	2,728
Contract liabilities	5,047	–
Deferred income and tax provision	575	533
	<u>20,063</u>	<u>18,781</u>
Amounts due to fellow subsidiaries	1,019	964
	<u>21,082</u>	<u>19,745</u>

As at 30th September 2018 and 31st March 2018, the ageing analysis of the trade payables by invoice date is as follows:

	(Unaudited) 30th September 2018 HK\$'000	(Audited) 31st March 2018 HK\$'000
0 to 60 days	2,516	2,321
61 to 120 days	1,555	990
121 to 180 days	644	84
Over 180 days	130	22
	<u>4,845</u>	<u>3,417</u>

As at 30th September 2018 and 31st March 2018, the fair values of trade and other payables and amounts due to fellow subsidiaries approximated their carrying amounts.

12 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 2018 HK\$'000	2017 HK\$'000 (Restated)
Paper consumed	555	4,025
Depreciation of property, plant and equipment	352	468
Amortisation of intangible assets (<i>Note 6</i>)	153	569
Employee benefit expense (including directors' emoluments)	27,640	28,740
Occupancy costs	1,580	1,525
Loss on disposal of property, plant and equipment	4	10
	<u>4</u>	<u>10</u>

13 OTHER INCOME

	(Unaudited)	
	Six months ended	
	30th September	
	2018	2017
	HK\$'000	HK\$'000
		(Restated)
Bank interest income	36	80
Other media business income	625	767
	661	847

14 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the period.

	(Unaudited)	
	Six months ended	
	30th September	
	2018	2017
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	101	402

15 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 was approximate to the net assets value of disposed companies. The principal activity of these two companies was operation of magazines in Mainland China. As a result of the disposal, a loss of HK\$1,641,000 has been recognised in the condensed consolidated income statement. The effect of the disposal is summarised as follows:

	(Unaudited)
	30th September
	2018
	HK\$'000
Gain on disposal before release of currency translation reserve	41
Release of currency translation reserve	(1,682)
Net loss on disposal of subsidiaries	(1,641)

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

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

	(Unaudited)	
	Six months ended	
	30th September	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue and other income	479	2,026
Expenses	<u>(5,516)</u>	<u>(6,465)</u>
Loss before income tax of discontinued operation	(5,037)	(4,439)
Income tax expense	<u>–</u>	<u>–</u>
Loss after income tax of discontinued operation	(5,037)	(4,439)
Gain on disposal of subsidiaries	41	–
Release of currency translation reserve	<u>(1,682)</u>	<u>–</u>
Loss from discontinued operation	<u><u>(6,678)</u></u>	<u><u>(4,439)</u></u>

16 LOSS PER SHARE

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

	(Unaudited)	
	Six months ended	
	30th September	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
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	(6,638)	(12,166)
Basic and diluted loss per share from continuing operations attributable to owners of the Company (<i>HK cents per share</i>)	(1.65)	(3.03)
Loss from discontinued operation attributable to owners of the Company	(6,678)	(4,439)
Basic and diluted loss per share from discontinued operation attributable to owners of the Company (<i>HK cents per share</i>)	<u>(1.67)</u>	<u>(1.11)</u>
Basic and diluted loss per share (<i>HK cents per share</i>)	<u><u>(3.32)</u></u>	<u><u>(4.14)</u></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 2018 and 2017.

17 DIVIDENDS

The Directors do not declare the payment of interim dividend for the six months ended 30th September 2018 (Six months ended 30th September 2017: HK nil cent).

18 CONTINGENT LIABILITIES

As at 30th September 2018, the Group did not have any material contingent liabilities or guarantees (31st March 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results Summary

The GDP of Hong Kong for the third quarter of 2018 increased by 2.9% over a year earlier. According to the monthly retail sales report conducted by Hong Kong Census and Statistics Department, the provisional estimate of the total retail sales of Hong Kong in the first nine months of 2018 increased by 11.1% in value compared with the same period of 2017. Benefiting from the general improvement in the Hong Kong economy, the Group has achieved a marginal increase in the turnover of its Hong Kong operation for the six months ended 30th September 2018.

During the period, the Group recorded a turnover from continuing operations of HK\$44,692,000, representing a slight increase of 1% or HK\$597,000 if compared to the Group's turnover of HK\$44,095,000 for the corresponding period in 2017. The Group recorded a loss attributable to owners of the Company of HK\$13,316,000 as compared to the loss of HK\$16,605,000 for the corresponding period in 2017. This improvement was mainly due to the narrowing of the losses of its Hong Kong operation.

Review of Operations

Hong Kong and Taiwan — continuing operations

The Group's turnover for Hong Kong and Taiwan operation improved marginally by 1% to HK\$44,692,000 from HK\$44,095,000 when compared with same period last year. This segment losses narrowed by 64% to HK\$3,261,000 for this period if compared with last year. The marginal increase in the Group's turnover for the six months ended 30th September 2018 is in tandem with the improvement of Hong Kong's general economy and the retail sales sector. The cost control efforts by the Group which mainly include reviewing its production cost and optimising its manpower helped to improve the earnings of the Group.

The flagship publication of its magazine business, namely “*Ming Pao Weekly 明周*” (“MP Weekly”), continues to be impacted by the shift of the advertising spending to digital platforms, though the shift seems to be stabilising. In the period under review, the publication had seen the return of advertising spending from some luxury brands to print media though at a very marginal rate for magazines. The reason for the shift is that there is now a trend of thought that readers view advertisements on print more favorably. “*Ming's*”, a title covering latest trends, fashion, beauty and lifestyle, which is now a standalone publication continues to contribute to the Group's overall advertising income.

“*TopGear 極速誌*” (“TopGear Hong Kong”), is a leading automobile magazine in Hong Kong with international editorial backing. “*MING Watch 明錶*” (“Ming Watch Hong Kong”), a popular high-end watch title offers quality feature stories and the latest industry trends. These two titles remain a favorite with their readers with their entertaining content published through the print or digital edition.

In Taiwan, “*TopGear 極速誌*” (“TopGear Taiwan”), a monthly automobile magazine, which is still new to the market continues to improve its performance. Meanwhile “*Ming Watch plus 明錶+*” (“Ming Watch Plus Taiwan”), a bi-monthly watch and lifestyle magazine launched in May 2017 that provides watch market trends and in-depth coverage of international watch events continues to attract new readers.

The Group continues to build its strength and presence in the digital platform for its Hong Kong and Taiwan operation and its digital income recorded a satisfactory growth when compared to same period in previous year. Nevertheless, the income generated by its digital operations has yet to cover the decline in the revenue of its print business. The Group’s digital team has been intensifying its efforts to increase its client base with a focus on global clients with local interest. This group of clients will leverage on the creativity of the Group’s digital team to expand outreach of its products in the local markets.

The Group’s efforts in diversifying its revenue have brought fruition with its artist management business in the entertainment industry. Meanwhile, it continues to build its event management business targeting government and corporate events.

The Group has made efforts to further control costs including the reduction of production cost and the redeployment of staff to improve the operation efficiency.

Mainland China — discontinued operation

The turnover of the Group’s Mainland China operation for the first half of the current financial year fell by 76% to HK\$463,000 from the sum of HK\$1,961,000 recorded in the corresponding period last year owing to the tightening market conditions. The drop in turnover resulted in the widening of its segment loss, from HK\$4,439,000 to HK\$6,678,000 when compared to same period last year.

In the period under review, the Group had made a decision to discontinue its operation in Mainland China by disposing the operation.

Reference is made to the voluntary announcement dated 20th July 2018, Media2U Company Limited, an indirectly wholly-owned subsidiary of the Company has entered into agreements to dispose of its 100% equity interests in the registered capital of Beijing OMG Advertising Company Limited (“Beijing OMG Advertising”) and Beijing Times Resource Technology Consulting Limited (“Beijing TRT”) to an independent third party. The principal activities of Beijing OMG Advertising and Beijing TRT are operations of magazines in Mainland China. Beijing OMG Advertising and Beijing TRT have been loss making for the past three years and they were sold at a consideration equal to the aggregate value of their net tangible assets as at 14th July 2018 and the completion of the disposal is subject to the administrative procedures and is expected to be completed shortly.

Other Media Investments

The Group continues to keep a look out for strategic partnerships with new start-ups, especially in the digital media platform, with an intention to spur its growth in digital media. One of its notable investments includes Most Kwai Chung Limited (“Most Kwai Chung”, previously known as Blackpaper Limited) which is principally engaged in the provision of creative multimedia services mainly through its digital product, namely “TV Most”, Most Kwai Chung was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 28th March 2018.

Outlook

The Group expects the business environment for the next half of the financial year to remain challenging. The recent trade disputes between the United States and China are casting significant uncertainties on the global economy and the persistently weak advertising spending is likely to impact the Group’s performance. Nevertheless, the Group will continue to work on improving its digital business and maintaining tight cost control to enhance productivity and profitability. The Group will also 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 2018 amounted to HK\$150,000.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30th September 2018, the Group’s net current assets amounted to HK\$21,293,000 (31st March 2018: HK\$33,230,000) and the total equity attributable to the equity holders of the Company was HK\$54,237,000 (31st March 2018: HK\$111,691,000). The Group had no bank borrowings (31st March 2018: Nil) and the gearing ratios, which is defined as the ratio of net debt, calculated as total borrowings less cash and cash equivalents, to total capital, calculated as total equity attributable to the Company’s equity holders plus net debt, was zero at 30th September 2018 (31st March 2018: zero).

EXPOSURE TO FLUCTUATION 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 2018, the Group has 160 employees (31st March 2018: 193 employees) and they were stationed in Hong Kong and Taiwan. 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 and complied with the CG Code throughout the period.

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 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 2018 and discussed matters relating to auditing, internal controls and financial reporting.

REMUNERATION COMMITTEE

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 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, 29th November 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 Interim Report 2018/19 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 2018.