



One Media Group Interim Report 2015/16

媒体 万华

二〇一五至一六年度中期報告

One Media Group Limited
萬華媒體集團有限公司

Stock Code 股份代號：426

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30TH SEPTEMBER 2015

	Note	(Unaudited) 30th September 2015 HK\$'000	(Audited) 31st March 2015 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,782	3,699
Intangible assets	7	67,628	68,986
Interests in joint ventures and associates	8	5,711	6,172
Deferred income tax assets		3,040	3,149
Total non-current assets		79,161	82,006
Current assets			
Inventories		7,404	7,158
Trade and other receivables	9	45,191	48,650
Amounts due from fellow subsidiaries	9	661	294
Income tax recoverable		2,670	3,257
Short-term bank deposits		29,067	–
Cash and cash equivalents		19,117	130,099
Total current assets		104,110	189,458
Total assets		183,271	271,464
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	401	400
Share premium	10	457,543	456,073
Other reserves		(325,350)	(324,181)
Retained earnings			
– Proposed dividend	18	–	4,000
– Others		29,361	31,203
Total equity		161,955	167,495
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		74	195
Long service payment obligations		50	50
Total non-current liabilities		124	245
Current liabilities			
Trade and other payables	11	19,260	26,940
Amounts due to fellow subsidiaries	11	1,515	1,158
Convertible bond held by a fellow subsidiary	12	–	75,508
Income tax liabilities		417	118
Total current liabilities		21,192	103,724
Total liabilities		21,316	103,969
Total equity and liabilities		183,271	271,464
Net current assets		82,918	85,734
Total assets less current liabilities		162,079	167,740

The notes on pages 6 to 19 form an integral part of this interim consolidated financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015

		(Unaudited)	
		Six months ended 30th September	
		2015	2014
	<i>Note</i>	HK\$'000	HK\$'000
Turnover	6	68,731	87,711
Cost of goods sold		(36,316)	(43,586)
Gross profit		32,415	44,125
Other income	14	2,413	4,427
Selling and distribution expenses		(17,705)	(19,567)
Administrative expenses		(18,008)	(20,639)
Operating (loss)/profit		(885)	8,346
Change in fair value of convertible bond	15	(218)	(742)
Share of profit/(loss) of joint ventures and associates	8	39	(1,007)
(Loss)/profit before income tax		(1,064)	6,597
Income tax expense	16	(769)	(2,425)
(Loss)/profit for the period		(1,833)	4,172
(Loss)/profit attributable to:			
— Owners of the Company		(1,833)	4,172
— Non-controlling interests		—	—
		(1,833)	4,172
(Loss)/earnings per share attributable to owners of the Company during the period (expressed in HK cents per share)			
— Basic and diluted	17	(0.46)	1.04
Dividends	18	—	2,400

The notes on pages 6 to 19 form an integral part of this interim consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015

	(Unaudited)	
	Six months ended	30th September
	2015	2014
	HK\$'000	HK\$'000
(Loss)/profit for the period	(1,833)	4,172
Other comprehensive (loss)/income:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(778)</u>	<u>290</u>
Total comprehensive (loss)/income for the period	<u>(2,611)</u>	<u>4,462</u>
Total comprehensive (loss)/income for the period attributable to:		
— Owners of the Company	(2,611)	4,462
— Non-controlling interests	<u>—</u>	<u>—</u>
	<u>(2,611)</u>	<u>4,462</u>

The notes on pages 6 to 19 form an integral part of this interim consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015

		(Unaudited)						
		Attributable to equity holders of the Company					Non-	Total
	Note	Share capital	Share premium	Other reserves	Retained earnings	Total	controlling interests	equity
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2014		400	456,073	(324,492)	60,675	192,656	–	192,656
Total comprehensive income								
Profit for the period		–	–	–	4,172	4,172	–	4,172
Other comprehensive income:								
Currency translation differences		–	–	290	–	290	–	290
Total comprehensive income for the period		–	–	290	4,172	4,462	–	4,462
Total transactions with owners, recognised directly in equity								
Dividends paid relating to year ended 31st March 2014	18	–	–	–	(12,000)	(12,000)	–	(12,000)
Total transactions with owners, recognised directly in equity		–	–	–	(12,000)	(12,000)	–	(12,000)
At 30th September 2014		400	456,073	(324,202)	52,847	185,118	–	185,118
At 1st April 2015		400	456,073	(324,181)	35,203	167,495	–	167,495
Total comprehensive loss								
Loss for the period		–	–	–	(1,833)	(1,833)	–	(1,833)
Other comprehensive loss:								
Currency translation differences		–	–	(778)	–	(778)	–	(778)
Total comprehensive loss for the period		–	–	(778)	(1,833)	(2,611)	–	(2,611)
Total transactions with owners, recognised directly in equity								
Exercise of share options		1	1,470	(391)	–	1,080	–	1,080
Dividends paid relating to year ended 31st March 2015	18	–	–	–	(4,009)	(4,009)	–	(4,009)
Total transactions with owners, recognised directly in equity		1	1,470	(391)	(4,009)	(2,929)	–	(2,929)
At 30th September 2015		401	457,543	(325,350)	29,361	161,955	–	161,955

The notes on pages 6 to 19 form an integral part of this interim consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015

		(Unaudited)	
		Six months ended 30th September	
		2015	2014
	<i>Note</i>	HK\$'000	HK\$'000
Cash flows from operating activities			
Cash (used in)/generated from operations		(4,069)	2,688
Interest paid		(379)	(377)
Net cash (used in)/generated from operating activities		(4,448)	2,311
Cash flows from investing activities			
Purchase of property, plant and equipment		(127)	(284)
Purchase of intangible assets		(10)	(116)
Proceeds from disposal of property, plant and equipment		8	–
Interest received	14	597	910
Dividends received from an associate	19	500	40
Additional consideration paid for interest in an associate		–	(757)
Net cash generated from/(used in) investing activities		968	(207)
Cash flows from financing activities			
Dividends paid to equity holders	18	(4,009)	(12,000)
Redemption of convertible bond		(75,600)	–
Proceeds from exercise of share options	10	1,080	–
Net cash used in financing activities		(78,529)	(12,000)
Net decrease in cash and cash equivalents		(82,009)	(9,896)
Cash and cash equivalents at the beginning of the period		130,099	123,476
Currency translation gain		94	50
Cash and cash equivalents and short term bank deposits at the end of the period		48,184	113,630

The notes on pages 6 to 19 form an integral part of this interim consolidated financial information.

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”) is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business.

This unaudited condensed consolidated interim financial information (“Financial Information”) is presented in Hong Kong dollars, unless otherwise stated, and have been approved for issue by the Board of Directors on 25th November 2015.

2 BASIS OF PREPARATION

This Financial Information for the six months ended 30th September 2015 is unaudited and has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” 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 2015, 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 preparation of this Financial Information 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.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2015, as described in those annual financial statements.

- Amendments to IFRSs effective for the financial year ending 31st March 2016 do not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

The Group has not early adopted new or revised standards and amendments to standards that have been issued but are not yet effective for the accounting period beginning 1st April 2015. The Group is in the process of making an assessment of the impact of those new or revised standards and amendments to standards on the Group’s results and financial position in the period of initial application.

4 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st March 2015.

There have been no changes in the risk management policies since 31st March 2015.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash flows for financial liabilities, except the convertible bond held by a fellow subsidiary of \$75,600,000 with maturity date on 31st May 2015 was redeemed.

6 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 in Hong Kong and Mainland China.

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 in Hong Kong and Mainland China. The breakdown of total revenue from external customers from these two areas and the Group's turnover and results provided to the Executive Committee for the reporting segments for the period ended 30th September 2015 and 2014 are as follows:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

6 SEGMENT INFORMATION (Continued)

	(Unaudited)					
	Six months ended 30th September					
	Media business					
	Hong Kong		Mainland China		Total	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>60,296</u>	<u>74,909</u>	<u>8,435</u>	<u>12,802</u>	<u>68,731</u>	<u>87,711</u>
Segment profit/(loss) before income tax	<u>6,087</u>	<u>18,931</u>	<u>(2,316)</u>	<u>(6,134)</u>	<u>3,771</u>	<u>12,797</u>
Unallocated expenses					<u>(4,656)</u>	<u>(4,451)</u>
Operating (loss)/profit					<u>(885)</u>	<u>8,346</u>
Change in fair value of convertible bond (Note 15)					<u>(218)</u>	<u>(742)</u>
Share of profit/(loss) of joint ventures ("JVs") and associates (Note 8)					<u>39</u>	<u>(1,007)</u>
(Loss)/profit before income tax					<u>(1,064)</u>	<u>6,597</u>
Income tax expense	<u>(763)</u>	<u>(2,424)</u>	<u>(6)</u>	<u>(1)</u>	<u>(769)</u>	<u>(2,425)</u>
(Loss)/profit for the period					<u>(1,833)</u>	<u>4,172</u>
Other information:						
Interest income	<u>468</u>	<u>756</u>	<u>129</u>	<u>154</u>	<u>597</u>	<u>910</u>
Depreciation of property, plant and equipment	<u>814</u>	<u>812</u>	<u>186</u>	<u>196</u>	<u>1,000</u>	<u>1,008</u>
Amortisation of intangible assets	<u>1,368</u>	<u>1,362</u>	<u>–</u>	<u>5</u>	<u>1,368</u>	<u>1,367</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

6 SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 30th September 2015 are as follows:

	(Unaudited)				
	Hong Kong HK\$'000	Mainland China HK\$'000	Eliminations HK\$'000	Unallocated HK\$'000	Group HK\$'000
Total assets	323,726	23,870	(170,035)	5,710	183,271
Total assets include:					
— Interests in JVs and associates	—	—	—	5,711	5,711
— Additions to non-current assets (other than deferred income tax assets and interests in JVs and associates)	117	20	—	—	137
Total liabilities	(21,182)	(169,677)	170,035	(492)	(21,316)

The segment assets and liabilities as at 31st March 2015 are as follows:

	(Audited)				
	Hong Kong HK\$'000	Mainland China HK\$'000	Eliminations HK\$'000	Unallocated HK\$'000	Group HK\$'000
Total assets	409,395	26,109	(170,447)	6,407	271,464
Total assets include:					
— Interests in JVs and associates	—	—	—	6,172	6,172
— Additions to non-current assets (other than deferred income tax assets and interests in JVs and associates)	757	3	—	—	760
Total liabilities	(104,013)	(170,090)	170,447	(313)	(103,969)

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, trade and other receivables and operating cash. They exclude interests in JVs and associates, deferred income tax assets and income tax recoverable.

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

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

The total of non-current assets located in Hong Kong is HK\$75,823,000 (31st March 2015: HK\$78,349,000) and the total of non-current assets located in Mainland China is HK\$298,000 (31st March 2015: HK\$508,000).

No revenue derived from a single customer is 10% or more of the combined revenue of all operating segments (2014: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

7 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 2014				
Opening net book amount	616	2,695	70,980	74,291
Additions	116	–	–	116
Amortisation expenses	(107)	–	(1,260)	(1,367)
Currency translation differences	–	24	–	24
Closing net book amount	<u>625</u>	<u>2,719</u>	<u>69,720</u>	<u>73,064</u>
At 30th September 2014				
Cost	1,274	2,719	75,600	79,593
Accumulated amortisation	<u>(649)</u>	<u>–</u>	<u>(5,880)</u>	<u>(6,529)</u>
Net book amount	<u>625</u>	<u>2,719</u>	<u>69,720</u>	<u>73,064</u>
Period ended 30th September 2015				
Opening net book amount	526	–	68,460	68,986
Additions	10	–	–	10
Amortisation expenses	<u>(108)</u>	<u>–</u>	<u>(1,260)</u>	<u>(1,368)</u>
Closing net book amount	<u>428</u>	<u>–</u>	<u>67,200</u>	<u>67,628</u>
At 30th September 2015				
Cost	1,290	2,725	75,600	79,615
Accumulated amortisation	<u>(862)</u>	<u>–</u>	<u>(8,400)</u>	<u>(9,262)</u>
Impairment charge	<u>–</u>	<u>(2,725)</u>	<u>–</u>	<u>(2,725)</u>
Net book amount	<u>428</u>	<u>–</u>	<u>67,200</u>	<u>67,628</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

8 INTERESTS IN JOINT VENTURES AND ASSOCIATES

The amounts recognised in the condensed consolidated statement of financial position are as follows:

Interests in associates:

	ByRead Inc.		Others		Total	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30th	31st March	30th	31st March	30th	31st March
	September	2015	September	2015	September	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interests in associates, at costs	25,800	25,800	1,757	1,757	27,557	27,557
Accumulated share of (loss)/profit and other adjustments for the years	(2,333)	(2,333)	1,969	1,424	(364)	(909)
Allowance for impairment	(23,467)	(23,467)	–	–	(23,467)	(23,467)
Interests in associates, net (Note (a))	–	–	3,726	3,181	3,726	3,181

Interests in JVs:

	(Unaudited)	(Audited)
	30th September	31st March
	2015	2015
	HK\$'000	HK\$'000
Interests in JVs, at costs	8,000	8,000
Accumulated share of loss	(6,015)	(5,009)
Interests in JVs, net (Note (b))	1,985	2,991

The amounts of share of profit/(loss) recognised in the condensed consolidated income statement for the period are as follows:

	(Unaudited)	
	Six months ended 30th September	
	2015	2014
	HK\$'000	HK\$'000
Associates	1,045	(28)
JVs	(1,006)	(979)
	39	(1,007)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

8 INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(a) Interests in associates

Set out below are the associates of the Group as at 30th September 2015.

Name of associates	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		2015	2014		
ByRead Inc. ("ByRead")	The Cayman Islands	24.97%	24.97%	Note (i)	Equity
Blackpaper Limited ("Blackpaper")	Hong Kong	10%	10%	Note (ii)	Equity

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

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

The recoverable amount of the investment in ByRead has been determined based on a value-in-use calculation. To determine the recoverable amount of ByRead, the Group used pre-tax cash flow projection based on the financial budget approved by management covering a five-year period.

Interest in ByRead was fully impaired during the year ended 31st March 2015. During the period ended 30th September 2015, ByRead incurred a loss of HK\$104,000. Considering that there is no specific plan to revamp the business of ByRead, management is of the view that no reversal of the allowance for impairment should be made.

- (ii) Blackpaper is engaged in providing creative multimedia services and advertising campaigns.

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

(b) Interests in JVs

Set out below are the JVs of the Group as at 30th September 2015.

Name of JVs	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		2015	2014		
Chu Kong Culture Media Company Limited ("Chu Kong")	British Virgin Islands	40%	40%	Note (i)	Equity
Connect Media Company Limited ("Connect Media")	Hong Kong	40%	40%	Note (i)	Equity

- (i) Chu Kong is an investment holding company and the principal activities of its wholly-owned subsidiary, Connect Media, include video programs, posters, seat covers, magazine racks, magazines, 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. There are no commitments and contingent liabilities relating to the Group's interests in the JVs.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

9 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	(Unaudited) 30th September 2015 HK\$'000	(Audited) 31st March 2015 HK\$'000
Trade receivables	38,313	38,652
Allowance for impairment of trade receivables	—	—
Trade receivables — net	38,313	38,652
Other receivables — net	6,878	9,998
	45,191	48,650
Amounts due from fellow subsidiaries	661	294
	45,852	48,944

As at 30th September 2015 and 31st March 2015, the fair values of trade and other receivables and amounts due from fellow subsidiaries approximated their carrying amounts.

The Group allows in general a credit period ranging from 30 to 120 days to its trade customers. As at 30th September 2015 and 31st March 2015, the ageing analysis of the Group's trade receivables by invoice date, net of provision for impairment, is as follows:

	(Unaudited) 30th September 2015 HK\$'000	(Audited) 31st March 2015 HK\$'000
0 to 60 days	19,853	22,097
61 to 120 days	10,095	9,410
121 to 180 days	4,612	4,454
Over 180 days	3,753	2,691
	38,313	38,652

Other receivables comprised the following:

	(Unaudited) 30th September 2015 HK\$'000	(Audited) 31st March 2015 HK\$'000
Amounts due from third parties	6,158	8,988
Amount due from an associate	—	450
Amount due from a JV	720	560
	6,878	9,998

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

10 SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares (in thousands)	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1st April 2015	400,000	400	456,073	456,473
Proceeds from share issued under the share option scheme	900	1	1,079	1,080
Transfer from share based payment reserve to share premium	—	—	391	391
At 30th September 2015	400,900	401	457,543	457,944
At 1st April 2014, 30th September 2014 and 31st March 2015	400,000	400	456,073	456,473

During the period ended 30th September 2015, 900,000 shares of HK\$0.001 each were issued at HK\$1.20 per share as a result of the exercise of the options under the Company's Pre-IPO share option scheme which was approved and adopted on 26th September 2005. The weighted average closing price of the Company's shares at the time of exercise was HK\$1.57 per share.

In addition, during the period under review, options over 638,000 shares lapsed by reason of the grantees ceased to be full time employees of the Group and options over 5,900,000 shares lapsed by reason of the expiration of the Pre-IPO Share Option Scheme on 25th September 2015. At 30th September 2015, there were no outstanding options under the Pre-IPO share option scheme.

11 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	(Unaudited) 30th September 2015 HK\$'000	(Audited) 31st March 2015 HK\$'000
Trade payables	4,646	2,647
Other payables	14,614	24,293
	19,260	26,940
Amounts due to fellow subsidiaries	1,515	1,158
	20,775	28,098

As at 30th September 2015, the ageing analysis of the trade payables by invoice date is as follows:

	(Unaudited) 30th September 2015 HK\$'000	(Audited) 31st March 2015 HK\$'000
0 to 60 days	4,412	2,399
61 to 120 days	144	242
121 to 180 days	4	3
Over 180 days	86	3
	4,646	2,647

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

11 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES (Continued)

As at 30th September 2015 and 31st March 2015, the fair values of trade and other payables and amounts due to fellow subsidiaries approximated their carrying amounts.

Other payables comprised the following:

	(Unaudited) 30th September 2015 HK\$'000	(Audited) 31st March 2015 HK\$'000
Amounts due to third parties	14,581	19,741
Amount due to an associate	33	4,552
	<u>14,614</u>	<u>24,293</u>

12 CONVERTIBLE BOND HELD BY A FELLOW SUBSIDIARY

	(Unaudited) 30th September 2015 HK\$'000	(Audited) 31st March 2015 HK\$'000
Convertible bond held by a fellow subsidiary	<u>–</u>	<u>75,508</u>

The Company issued to a fellow subsidiary a convertible bond on 1st June 2012, bearing interest at the rate of 1% per annum payable half-yearly in arrears, in the principal amount of HK\$75,600,000. The maturity date of the convertible bond was 31st May 2015, the third anniversary of the date of the issue.

On 1st June 2015, all the outstanding principal amount of the convertible bond together with all accrued and unpaid interest was redeemed in accordance with the terms of the convertible bond.

13 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 2015 HK\$'000	2014 HK\$'000
Paper consumed	5,898	7,157
Depreciation of property, plant and equipment	1,000	1,008
Amortisation of intangible assets (Note 7)	1,368	1,367
Employee benefit expense (including directors' emoluments)	30,618	34,639
Occupancy costs	2,905	2,807
Loss on disposal of property, plant and equipment	<u>23</u>	<u>6</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

14 OTHER INCOME

	(Unaudited)	
	Six months ended 30th September	
	2015	2014
	HK\$'000	HK\$'000
Bank interest income	597	910
License fee income	120	393
Other media business income	1,696	3,124
	<u>2,413</u>	<u>4,427</u>

15 CHANGE IN FAIR VALUE OF CONVERTIBLE BOND

	(Unaudited)	
	Six months ended 30th September	
	2015	2014
	HK\$'000	HK\$'000
Financial liability at fair value through profit or loss		
— Change in fair value of convertible bond	218	742

16 INCOME TAX EXPENSE

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

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period.

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 six months ended 30th September 2015 and 2014.

	(Unaudited)	
	Six months ended 30th September	
	2015	2014
	HK\$'000	HK\$'000
Current income tax		
— Hong Kong profits tax	890	2,487
Deferred income tax credit	(121)	(62)
	<u>769</u>	<u>2,425</u>

17 (LOSS)/EARNINGS PER SHARE

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

	(Unaudited)	
	Six months ended 30th September	
	2015	2014
	HK\$'000	HK\$'000
(Loss)/profit attributable to owners of the Company	(1,833)	4,172
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	400,471	400,000
Basic (loss)/earnings per share (<i>HK cents per share</i>)	<u>(0.46)</u>	<u>1.04</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

18 DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30th September 2015 (Six months ended 30th September 2014: HK\$2,400,000).

Dividends paid during the period:

(Unaudited)
Six months ended 30th September
2015 2014
HK\$'000 HK\$'000

Relating to the year ended 31st March 2015

Final dividend of HK1 cent (2014: HK3 cents) per ordinary share

4,009

12,000

19 RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

- (i) During the period ended 30th September 2015, the Group entered into the following transactions with fellow subsidiaries, a JV and an associate:

	Note	2015 HK\$'000	2014 HK\$'000
Circulation support services charges	<i>a</i>	501	624
Library services charges	<i>b</i>	68	85
Administrative support and IS programming support services charges	<i>c</i>	4,158	4,208
Charges for leasing and licensing of office space, storage space and parking spaces	<i>d</i>	1,271	1,295
Ticketing and accommodation expenses	<i>e</i>	436	345
Barter advertising expenses	<i>f</i>	734	772
Barter advertising income	<i>g</i>	(468)	(501)
Type-setting, colour separation and film making expenses	<i>h</i>	63	23
Promotion expenses	<i>i</i>	10	10
Pension costs — defined contribution plans	<i>j</i>	1,013	977
Agency income	<i>k</i>	—	(1,030)
Sundry income	<i>l</i>	(344)	(103)
Dividend income	<i>m</i>	(500)	(40)
Convertible bond interest	<i>n</i>	128	379
Content providing income	<i>o</i>	(480)	(480)

Notes:

- (a) This represents recharge of circulation support services relating to the distribution, sale and promotion of the publications of the Group by a fellow subsidiary. It is charged on a reimbursement basis.
- (b) This represents recharge by a fellow subsidiary relating to provision of library services including data classification, data indexing and filing, data storage management and retrieval, data provision and newspaper clipping. It is charged on a cost reimbursement basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

19 RELATED PARTY TRANSACTIONS (Continued)

- (i) During the period ended 30th September 2015, the Group entered into the following transactions with fellow subsidiaries, a JV and an associate (Continued):
- (c) This represents recharge of administrative, human resources, corporate communications, legal services, information system support services and depreciation on certain computers and office equipment leased from fellow subsidiaries. It is charged on a cost reimbursement basis.
 - (d) This represents charges paid to a fellow subsidiary for the leasing and licensing of office space, storage space and parking spaces. The rentals and licence fees are charged at a pre-determined rate calculated by reference to the prevailing market rates.
 - (e) This represents ticketing and accommodation expenses paid to a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
 - (f) This represents advertising expenses on a barter basis in accordance with barter advertising agreement entered into with Media Chinese. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
 - (g) This represents advertising income on a barter basis in accordance with barter advertising agreement entered into with Media Chinese. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
 - (h) This represents type-setting, colour separation and film making expenses charged by a fellow subsidiary. It is charged at a pre-determined rate calculated based on the costs incurred.
 - (i) This represents promotion expenses paid to a fellow subsidiary. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
 - (j) This represents defined contribution cost made to a fellow subsidiary for the Group's pension obligation. There is no stated policy or contractual agreement between the Group and the Media Chinese Group. It is charged based on a pre-determined rate of the employees' salaries.
 - (k) This represents agency commission and profit sharing of an associate. It is charged at a pre-determined rate calculated based on the rates charged to third party customers.
 - (l) This represents sub-lease rental income and accounting servicing income in accordance with agreements entered into with related companies of the controlling party of Media Chinese. It is charged at a pre-determined rate calculated by references to the prevailing market rates and a cost reimbursement basis respectively.
 - (m) This represents dividend income received from an associate. It is calculated according to the equity interest held by the Group in the associate.
 - (n) This represents convertible bond interest at the rate of 1% per annum, calculated daily on the basis of 365 days per year and payable half-yearly in arrears to a fellow subsidiary.
 - (o) This represents content providing income received from a JV in accordance with the agreement entered into with it at arm's length basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

19 RELATED PARTY TRANSACTIONS (Continued)

- (ii) The balances at 30th September 2015 and 31st March 2015 arising from the related party transactions as disclosed in Note 19(i) above are as follows:

	(Unaudited) 30th September 2015 HK\$'000	(Audited) 31st March 2015 HK\$'000
Amounts due from fellow subsidiaries (Note 9)	661	294
Amounts due to fellow subsidiaries (Note 11)	(1,515)	(1,158)
Amount due from a JV (Note 9)	720	560
Amount due from an associate (Note 9)	–	450
Amount due to an associate (Note 11)	(33)	(4,552)

The outstanding balances with fellow subsidiaries are aged within 180 days from the invoice date and are unsecured, non-interest bearing and with normal credit terms from 30 days to 180 days.

- (iii) Key management compensation

	(Unaudited) Six months ended 30th September 2015 HK\$'000	2014 HK\$'000
Salaries and other short-term employee benefits	2,074	2,872
Contributions to pension scheme	20	26
	2,094	2,898

20 CONTINGENT LIABILITIES

As at 30th September 2015, the Group did not have any material contingent liabilities or guarantees (31st March 2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results Summary

During the financial period under review, the Hong Kong economic slow-down inevitably affected the retail and advertising markets. The retail market, especially the luxury and branded label products, fell sharply. As a result, the advertisers continued to tighten their advertising spending, which adversely impacted the turnover and the overall performance of the Group.

Turnover of the Group for the six months ended 30 September 2015 decreased from last year's HK\$87,711,000, by 22% or HK\$18,980,000 to HK\$68,731,000. The Group recorded a loss attributable to owners of the Company of HK\$1,833,000 as compared to the profit of HK\$4,172,000 during the corresponding period in 2014.

Review of Operations

Hong Kong

Turnover for Hong Kong operation, which accounted for 88% of the Group's turnover for the period, was down by 20% or HK\$14,613,000, to HK\$60,296,000. Segment profit from Hong Kong operation reported a decline of 68% to HK\$6,087,000 compared with the previous financial period.

"*Ming Pao Weekly 明周*" ("MP Weekly") is the Group's main turnover contributing business for the Hong Kong segment. During the period, MP Weekly suffered from the lackluster retail market, which caused advertisers in general to slash their advertising and promotion spending. In September 2014, the Group launched "*Ming's*" ("Ming's"), which is a complimentary monthly title published with MP Weekly. Ming's is one of the revenue contributors of the Group. It offers photographs, in depth articles and quality features covering five major categories — fashion, beauty, luxuries, arts and sports.

"*TopGear 極速誌*" ("TopGear Hong Kong") is a leading automobile magazine with international editorial backing, and "*MING Watch 明錶*" ("Ming Watch Hong Kong") is a popular watch title. Both magazines continue to provide quality contents and enhance the business coverage from print to multi-media through digital platforms. Due to the sluggish market, the performance of TopGear Hong Kong and of Ming Watch Hong Kong was negatively impacted and reported a decrease in turnover.

TopGear Hong Kong continued to provide contract publishing services to certain premium brands. These extended services have contributed additional revenue to the Group during the period.

Mainland China

During the first half of the financial year, the turnover for the Group's Mainland China operation amounted to HK\$8,435,000, representing a considerable drop of 34% from HK\$12,802,000 in the corresponding period last year which was partly due to the discontinuation of the operation of "*Popular Science 科技新時代*" ("Popular Science") in September 2014. The discontinuation of Popular Science has resulted in savings in operating expenses. Despite a decrease in turnover, the loss for the period reduced from last year's HK\$6,134,000 to HK\$2,316,000.

"*TopGear 汽車測試報告*" ("TopGear China") continues to attract Mainland Chinese readers with infotainment, automobile news and trends. "*MING Watch 明表*" ("Ming Watch China"), a quarterly magazine, introduces the latest high-end watch market trends and delivers feature stories to readers in Mainland China. In the first half of 2015/16, the operating results of TopGear China and Ming Watch China have been adversely affected by the weakening retail market in China.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Review of Operations (Continued)

Other Media Investments

Connect Media Company Limited has continued to focus on multimedia channel of advertising business in passenger transportation in the Pearl River Delta region. It is a member and media sponsor of The Hong Kong Association of Amusement Parks and Attractions.

Blackpaper Limited is principally engaged in the publication of “*BlackPaper*” and “*100 Most*”. It also publishes books and provides creative multimedia services mainly through one of its digital products, namely “*TV Most*”.

New Businesses

The Taiwan edition of “*TopGear 極速誌*” was launched in November 2015. This magazine positions as one of the high-end automobile magazines in Taiwan and is expected to generate revenue for the Group in the near future. This is a significant step of the Group to build up a Greater China media platform by expanding its business coverage from Hong Kong and Mainland China markets to Taiwan market. In addition, a new joint venture of 70% equity interest, namely ST Productions Limited, has also been set up for the business of artiste and events management to open up new revenue stream for the Group.

Outlook

The economic growth in the Mainland is slowing down and ongoing uncertainty clouds outlook of the Hong Kong economy. Adding to this, digital media with low entry barriers renders intense competition in the entire media industry. The operating environment of the Group remains tough and challenging in the near future.

Nevertheless, the Group will continue to leverage its high credibility and competitive advantages as a content provider to deliver high quality contents to readers through various channels. The Group will also collaborate with strategic partners to diversify its operations and capture new market opportunities as well as further improve the operational and financial efficiency in its business units.

CAPITAL EXPENDITURE

The Group's total capital expenditure for property, plant and equipment and intangible assets for the six months ended 30th September 2015 amounted to HK\$137,000.

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 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.

SHARE OPTIONS

The Company has two share option schemes ("Share Option Schemes"). A pre-IPO share option scheme ("Pre-IPO Share Option Scheme") was approved and adopted by shareholders on 26th September 2005. Another share option scheme, a post-IPO share option scheme ("Post-IPO Share Option Scheme"), was also approved on the same date, 26th September 2005 by the shareholders of the Company. Both of the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme were expired on 25th September 2015 and no new share option scheme has been adopted by the Company.

The principal terms of the Pre-IPO Share Option Scheme were substantially the same as the terms of the Post-IPO Share Option Scheme (where applicable) except for the following principal terms: (a) the subscription price per share was the final Hong Kong dollar price per share at which shares were to be sold in an offer for sale in Hong Kong on 18th October 2005 (the "Listing Date"), being the date of the shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); and (b) no options would be offered or granted upon the commencement of dealings in the shares of the Stock Exchange.

Under the Post-IPO Share Option Scheme, the exercise price per share was a price to be determined by the Board of Directors which should be the highest of the closing price of the shares on the Stock Exchange on the relevant offer date, the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the relevant offer date or the nominal value of the shares. The Board of Directors might grant options to subscribe the shares of the Company to any full time employee, executive and non-executive directors (including the independent non-executive directors) of the Group or Media Chinese and its subsidiaries.

During the period from 1st April 2015 to 25th September 2015 (i.e. the expiry date of the Share Option Schemes, no share option was granted under the Post-IPO Share Option Scheme and the details of the share options outstanding and movements under the Pre-IPO Share Option Scheme are as follows:

Grantee		Number of shares involved in share options				Balance at 30th September 2015	Percentage of issued ordinary shares	Exercise price per share HK\$	Date of grant	Exercisable period
		Balance at 1st April 2015	Granted during the period (Note 2)	Exercised during the period (Note 3)	Lapsed during the period (Note 4)					
Directors:										
Tan Sri Datuk Sir TIONG Hiew King	(Note 1a)	1,250,000	-	-	(1,250,000)	-	-	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. TIONG Kiew Chiong	(Note 1a)	1,250,000	-	-	(1,250,000)	-	-	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. LAM Pak Cheong	(Note 1a)	1,000,000	-	-	(1,000,000)	-	-	1.200	27/9/2005	18/10/2005-25/9/2015
Mr. YU Hon To, David	(Note 1a)	150,000	-	-	(150,000)	-	-	1.200	27/9/2005	18/10/2005-25/9/2015
		3,650,000	-	-	(3,650,000)	-	-			
Media Chinese's directors:										
Dato' Sri Dr. TIONG Ik King	(Note 1a)	1,000,000	-	-	(1,000,000)	-	-	1.200	27/9/2005	18/10/2005-25/9/2015
Full time employees	(Note 1a)	2,100,000	-	(798,000)	(1,302,000)	-	-	1.200	27/9/2005	18/10/2005-25/9/2015
Full time employees	(Note 1b)	688,000	-	(102,000)	(586,000)	-	-	1.200	27/9/2005	18/10/2005-25/9/2015
Total		7,438,000	-	(900,000)	(6,538,000)	-	-			

SHARE OPTIONS *(Continued)*

Notes:

1. In relation to the options granted to the grantees, either of the following two vesting scales has been applied:
 - a. 20% of the Company's shares comprised in the option will vest on each of the five anniversaries of the Listing Date from the first anniversary of the Listing Date to the fifth anniversary of the Listing Date; or
 - b. 100% of the Company's shares comprised in each of the option will fully vest on the first anniversary of the Listing Date.
2. No share option was granted or cancelled during the period.
3. During the period, 900,000 shares of HK\$0.001 each were issued at HK\$1.20 per share as a result of the exercise of the options under the Company's Pre-IPO Share Option Scheme. The weighted average of the closing price of the Company's shares immediately before the dates on which the above share options were exercised was HK\$1.64 per share.
4. During the period, 638,000 share options lapsed by reason of the grantees ceased to be full time employees of the Group and 5,900,000 share options lapsed by reason of the expiration of the Pre-IPO Share Option Scheme on 25th September 2015.

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

As at 30th September 2015, the interests and short positions of the directors, chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified or as required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules are as follows:

(a) Interests in the shares in the Company

Name of Director	Number of shares held	Nature of interests	Percentage of issued ordinary shares
Tan Sri Datuk Sir TIONG Hiew King	292,700,000 <i>(Note 1)</i>	Corporate interests	73.01%
Mr. LAM Pak Cheong	3,000,000 <i>(Note 2)</i>	Corporate interests	0.75%

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

Notes:

1. For further details on the corporate interests of Tan Sri Datuk Sir TIONG Hiew King, please refer to the paragraph "Substantial Shareholders and Persons who have an Interest and Short Positions Discloseable under Divisions 2 and 3 of Part XV of the SFO" on page 24.
2. The corporate interests of Mr. LAM Pak Cheong of 3,000,000 shares are held by Venture Logic Investments Limited, in which Mr. LAM has 100% of its equity interests.

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

(b) Interests in the shares in Media Chinese

Name of Director	Number of shares held				Percentage of issued ordinary shares in Media Chinese
	Personal interests	Family interests	Corporate interests	Aggregate interests	
Tan Sri Datuk Sir TIONG Hiew King	87,109,058	234,566	796,734,373 (Note)	884,077,997	52.40%
Mr. TIONG Kiew Chiong	2,141,039	–	–	2,141,039	0.13%

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

Note:

The corporate interests of Tan Sri Datuk Sir TIONG Hiew King of 796,734,373 shares are held through Progresif Growth Sdn Bhd ("Progresif"), Conch Company Limited ("Conch"), Ezywood Options Sdn Bhd ("Ezywood"), Teck Sing Lik Enterprise Sdn Bhd ("TSL"), Madigreen Sdn Bhd ("Madigreen"), Rimbunan Hijau (Sarawak) Sdn Bhd ("RHS"), Rimbunan Hijau Southeast Asia Sdn Bhd ("RHSA") and Pertumbuhan Abadi Asia Sdn Bhd ("PAA").

Tan Sri Datuk Sir TIONG Hiew King directly holds 84% interest in TSL and 99.99% interest in PAA. In addition, PAA directly holds 47.62% interest in both RHS and RHSA, and 45% in Madigreen. Tan Sri Datuk Sir TIONG Hiew King also directly and indirectly holds 45% interest in Progresif and 70% interest in Ezywood. In respect of Conch, 40% of the interest in Conch is held by Seaview Global Company Limited, in which Tan Sri Datuk Sir TIONG Hiew King holds 50% of its equity interest. In addition, he directly holds 25% of the interest in Conch.

Save as disclosed above and those disclosed under the paragraph "Share Options", as at 30th September 2015, none of the Directors, chief executives and their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified or as required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that as at 30th September 2015, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of issued ordinary shares
Comwell Investment Limited (Note)	292,700,000	Beneficial owner	73.01%

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

Note:

Comwell Investment Limited is an indirect wholly-owned subsidiary of Media Chinese. Tan Sri Datuk Sir TIONG Hiew King, a director and substantial shareholder of Media Chinese, is deemed interested in Media Chinese in an aggregate of 52.40% by virtue of his personal interests, family interests and corporate interests. Dato' Sri Dr. TIONG Ik King, a director and substantial shareholder of Media Chinese, is deemed interested in Media Chinese in an aggregate of 15.63% by virtue of his personal interests and corporate interests.

Save as disclosed above, the Company had not been notified of any other interests representing 5% or more of the issued share capital of the Company as at 30th September 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

EMPLOYEES

As at 30th September 2015, the Group has approximately 186 employees (31st March 2015: approximately 194 employees), of which 153 and 33 were stationed in Hong Kong and 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. The Company has implemented share option schemes as an incentive to the Directors and eligible employees.

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

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules and complied with the CG Code throughout the period.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

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

AUDIT COMMITTEE

The Company established an Audit Committee on 26th September 2005 with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. Victor YANG and Mr. LAU Chi Wah, Alex. The Audit Committee has reviewed the Group's unaudited condensed consolidated financial information for the six months ended 30th September 2015 and discussed matters relating to auditing, internal controls and financial reporting.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, set out below are the changes in information of Directors since the date of the 2014/15 Annual Report:

With effect from 28th May 2015, Mr. Victor YANG, an independent non-executive Director, the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company, was appointed as an independent non-executive director of China Hanking Holdings Limited (stock code: 3788) which is listed on the Stock Exchange. In addition, he resigned as an independent non-executive director of China Agri-Industries Holdings Limited (stock code: 606) with effect from 26th August 2015.

Mr. YANG was a founding partner of Boughton Peterson Yang Anderson, Solicitors ("BPYA"). On 30th March 2015, BPYA combined its practice with another local firm to form a new partnership under the name of Zhong Lun Law Firm. Mr. YANG is currently the managing partner of Zhong Lun Law Firm's Hong Kong office.

By Order of the Board
One Media Group Limited

TIONG Kiew Chiong
Director

Hong Kong, 25th November 2015

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

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