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# 万 华 媒 体 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 2016

The directors (the “Directors”) of One Media Group Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2016, together with the comparative unaudited consolidated figures for the corresponding period in 2015 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016

		(Unaudited)	
		Six months ended	
		30th September	
		2016	2015
	Note	HK\$'000	HK\$'000
Turnover	4	50,307	68,731
Cost of goods sold	10	(34,534)	(36,316)
<b>Gross profit</b>		<b>15,773</b>	32,415
Other income	11	683	2,413
Selling and distribution expenses	10	(13,229)	(17,705)
Administrative expenses	10	(15,848)	(18,008)
<b>Operating loss</b>		<b>(12,621)</b>	(885)
Change in fair value of convertible bond	12	–	(218)
Share of profit of joint ventures and associates	6	2,410	39
<b>Loss before income tax</b>		<b>(10,211)</b>	(1,064)
Income tax credit/(expense)	13	1,418	(769)
<b>Loss for the period</b>		<b>(8,793)</b>	(1,833)
<b>Loss attributable to:</b>			
— Owners of the Company		(8,793)	(1,833)
— Non-controlling interests		–	–
		<b>(8,793)</b>	(1,833)
<b>Loss per share attributable to owners of the Company during the period (expressed in HK cents per share)</b>			
— Basic and diluted	14	(2.19)	(0.46)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016*

	(Unaudited)	
	Six months ended	
	30th September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss for the period</b>	<b>(8,793)</b>	(1,833)
<b>Other comprehensive loss</b>		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(353)	(778)
<b>Total comprehensive loss for the period</b>	<b>(9,146)</b>	(2,611)
<b>Total comprehensive loss for the period</b>		
<b>attributable to:</b>		
— Owners of the Company	(9,146)	(2,611)
— Non-controlling interests	—	—
	<b>(9,146)</b>	(2,611)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH SEPTEMBER 2016**

		(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,509	2,598
Intangible assets	5	64,931	66,268
Interests in joint ventures and associates	6	7,218	5,808
Deferred income tax assets		1,870	30
<b>Total non-current assets</b>		<b>76,528</b>	74,704
<b>Current assets</b>			
Inventories		5,521	6,167
Trade and other receivables	7	30,262	37,745
Amounts due from fellow subsidiaries	7	–	39
Income tax recoverable		4,888	5,260
Cash and cash equivalents		41,428	48,470
<b>Total current assets</b>		<b>82,099</b>	97,681
<b>Total assets</b>		<b>158,627</b>	172,385
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	8	401	401
Share premium	8	457,543	457,543
Other reserves		(326,113)	(325,760)
Retained earnings		6,796	15,589
<b>Total equity</b>		<b>138,627</b>	147,773
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long service payment obligations		114	114
<b>Total non-current liabilities</b>		<b>114</b>	114
<b>Current liabilities</b>			
Trade and other payables	9	18,706	22,463
Short-term bank borrowings		–	936
Amounts due to fellow subsidiaries	9	1,130	1,099
Income tax liabilities		50	–
<b>Total current liabilities</b>		<b>19,886</b>	24,498
<b>Total liabilities</b>		<b>20,000</b>	24,612
<b>Total equity and liabilities</b>		<b>158,627</b>	172,385

# **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 30th November 2016.

## **2 BASIS OF PREPARATION**

This Financial Information for the six months ended 30th September 2016 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 2016, 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 2016, as described in those annual financial statements.

There are no amended standards or interpretations that are effective for the first time for this interim period that could be expected to 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.

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 2016. 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 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 Taiwan” 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, Taiwan and Mainland China. 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 2016 and 2015 are as follows:

	(Unaudited)					
	Six months ended 30th September					
	Hong Kong and Taiwan		Mainland China		Total	
	2016	2015	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<u>44,717</u>	<u>60,296</u>	<u>5,590</u>	<u>8,435</u>	<u>50,307</u>	<u>68,731</u>
Segment (loss)/profit before income tax	<u>(8,867)</u>	<u>6,087</u>	<u>(590)</u>	<u>(2,316)</u>	<u>(9,457)</u>	3,771
Unallocated expenses					<u>(3,164)</u>	<u>(4,656)</u>
Operating loss					<u>(12,621)</u>	<u>(885)</u>
Change in fair value of convertible bond ( <i>Note 12</i> )					–	<u>(218)</u>
Share of profit of joint ventures (“JVs”) and associates ( <i>Note 6</i> )					<u>2,410</u>	<u>39</u>
Loss before income tax					<u>(10,211)</u>	<u>(1,064)</u>
Income tax credit/(expense)	<u>1,418</u>	<u>(763)</u>	–	<u>(6)</u>	<u>1,418</u>	<u>(769)</u>
Loss for the period					<u>(8,793)</u>	<u>(1,833)</u>
Other information:						
Interest income	<u>57</u>	<u>468</u>	<u>44</u>	<u>129</u>	<u>101</u>	<u>597</u>
Depreciation of property, plant and equipment	<u>739</u>	<u>814</u>	<u>119</u>	<u>186</u>	<u>858</u>	<u>1,000</u>
Amortisation of intangible assets	<u>1,361</u>	<u>1,368</u>	–	–	<u>1,361</u>	<u>1,368</u>

The segment assets and liabilities as at 30th September 2016 are as follows:

	(Unaudited)					
	By segments			Sub-total	Unallocated	Group
	Hong Kong and Taiwan	Mainland China	Eliminations			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	304,691	19,847	(172,669)	151,869	6,758	158,627
Total assets include:						
— Interests in JVs and associates	7,218	–	–	7,218	–	7,218
— Additions to non-current assets (other than deferred income tax assets and interests in JVs and associates)	799	8	–	807	–	807
Total liabilities	<u>(15,634)</u>	<u>(176,985)</u>	<u>172,669</u>	<u>(19,950)</u>	<u>(50)</u>	<u>(20,000)</u>

The segment assets and liabilities as at 31st March 2016 are as follows:

	(Audited)					
	By segments			Sub-total	Unallocated	Group
	Hong Kong and Taiwan	Mainland China	Eliminations			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	317,525	21,196	(171,596)	167,125	5,260	172,385
Total assets include:						
— Interests in JVs and associates	5,808	–	–	5,808	–	5,808
— Additions to non-current assets (other than deferred income tax assets and interests in JVs and associates)	675	252	–	927	–	927
Total liabilities	<u>(18,396)</u>	<u>(177,812)</u>	<u>171,596</u>	<u>(24,612)</u>	<u>–</u>	<u>(24,612)</u>

Segment assets consist primarily of property, plant and equipment, intangible assets, interests in JVs and associates, inventories, trade and other receivables and operating cash. They exclude 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 and Taiwan is HK\$74,393,000 (31st March 2016: HK\$74,289,000) and the total of non-current assets located in Mainland China is HK\$265,000 (31st March 2016: HK\$385,000).

No revenue derived from a single customer is 10% or more of the combined revenue of all operating segments (2015: Nil).

## 5 INTANGIBLE ASSETS

	<b>Group</b>			<b>Total</b> <i>HK\$'000</i>
	<b>Computer software</b> <i>HK\$'000</i>	<b>Goodwill</b> <i>HK\$'000</i>	<b>Trademarks</b> <i>HK\$'000</i>	
<b>Period ended 30th September 2015</b>				
Opening net book amount	526	–	68,460	68,986
Additions	10	–	–	10
Amortisation expenses	(108)	–	(1,260)	(1,368)
Closing net book amount	<u>428</u>	<u>–</u>	<u>67,200</u>	<u>67,628</u>
<b>At 30th September 2015</b>				
Cost	1,290	2,725	75,600	79,615
Accumulated amortisation	(862)	–	(8,400)	(9,262)
Accumulated impairment	–	(2,725)	–	(2,725)
Net book amount	<u>428</u>	<u>–</u>	<u>67,200</u>	<u>67,628</u>
<b>Period ended 30th September 2016</b>				
Opening net book amount	<b>328</b>	–	<b>65,940</b>	<b>66,268</b>
Additions	<b>24</b>	–	–	<b>24</b>
Amortisation expenses	<b>(101)</b>	–	<b>(1,260)</b>	<b>(1,361)</b>
Closing net book amount	<u><b>251</b></u>	<u>–</u>	<u><b>64,680</b></u>	<u><b>64,931</b></u>
<b>At 30th September 2016</b>				
Cost	<b>1,318</b>	<b>2,725</b>	<b>75,600</b>	<b>79,643</b>
Accumulated amortisation	<b>(1,067)</b>	–	<b>(10,920)</b>	<b>(11,987)</b>
Accumulated Impairment	–	<b>(2,725)</b>	–	<b>(2,725)</b>
Net book amount	<u><b>251</b></u>	<u>–</u>	<u><b>64,680</b></u>	<u><b>64,931</b></u>

## 6 INTERESTS IN JOINT VENTURES AND ASSOCIATES

Movement in the interests in joint ventures and associates are as follows:

	<b>(Unaudited)</b> <b>30th September</b> <b>2016</b> <i>HK\$'000</i>	(Audited) 31st March 2016 <i>HK\$'000</i>
At the beginning of the period/year	<b>5,808</b>	6,172
Share of profit of JVs and associates	<b>2,410</b>	636
Others	<u><b>(1,000)</b></u>	<u>(1,000)</u>
Interests in JVs and associates, net	<u><b>7,218</b></u>	<u>5,808</u>

(a) **Interests in associates**

Set out below are the associates of the Group as at 30th September 2016.

Name of associates	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		2016	2015		
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.

- (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 2016.

Name of JVs	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		2016	2015		
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, hull advertising, light box advertisement and e-commerce at the transportation vehicles and also their terminals.

During the period ended 30th September 2016, Connect Media signed a subcontracting agreement with a fellow subsidiary of the other joint venturer (the “Subcontractor”) to manage the daily operations of Connect Media for three years. For each year, all losses incurred by Connect Media will be borne by the Subcontractor, while the Subcontractor will be entitled to a certain amount of profit generated by Connect Media as service fee. Any profit exceeding that amount will be shared equally between Connect Media and the Subcontractor.

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

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

## 7 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
Trade receivables	26,168	33,902
Allowance for impairment of trade receivables	(542)	(938)
Trade receivables — net	<u>25,626</u>	<u>32,964</u>
Other receivables — net	<u>4,636</u>	<u>4,781</u>
	<b>30,262</b>	<b>37,745</b>
Amounts due from fellow subsidiaries	<u>—</u>	<u>39</u>
	<u><b>30,262</b></u>	<u><b>37,784</b></u>

As at 30th September 2016 and 31st March 2016, 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 2016 and 31st March 2016, the ageing analysis of the Group's trade receivables by invoice date, net of provision for impairment, is as follows:

	(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
0 to 60 days	14,276	16,722
61 to 120 days	8,089	8,439
121 to 180 days	1,244	5,534
Over 180 days	<u>2,017</u>	<u>2,269</u>
	<u><b>25,626</b></u>	<u><b>32,964</b></u>

Other receivables comprised the following:

	(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
Prepayment	1,682	1,480
Rental and utilities deposit	507	510
Amount due from an associate	65	50
Amount due from a JV	—	240
Others	<u>2,382</u>	<u>2,501</u>
	<u><b>4,636</b></u>	<u><b>4,781</b></u>

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

## 8 SHARE CAPITAL AND SHARE PREMIUM

	Number of issued shares <i>(in thousands)</i>	Ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
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
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30th September 2015, 31st March 2016 and 30th September 2016	<u>400,900</u>	<u>401</u>	<u>457,543</u>	<u>457,944</u>

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.

## 9 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	(Unaudited) 30th September 2016 <i>HK\$'000</i>	(Audited) 31st March 2016 <i>HK\$'000</i>
Trade payables	1,561	2,628
Other payables	15,402	17,999
Receipt in advance	1,187	1,167
Deferred income and tax provision	556	669
	<u>          </u>	<u>          </u>
	18,706	22,463
Amounts due to fellow subsidiaries	<u>1,130</u>	<u>1,099</u>
	<u>19,836</u>	<u>23,562</u>

As at 30th September 2016 and 31st March 2016, the ageing analysis of the trade payables by invoice date is as follows:

	(Unaudited) 30th September 2016 <i>HK\$'000</i>	(Audited) 31st March 2016 <i>HK\$'000</i>
0 to 60 days	1,520	2,333
61 to 120 days	10	246
121 to 180 days	20	27
Over 180 days	11	22
	<u>          </u>	<u>          </u>
	1,561	2,628

As at 30th September 2016 and 31st March 2016, the fair values of trade and other payables and amounts due to fellow subsidiaries approximated their carrying amounts.

Other payables, receipt in advance and deferred income and tax provision comprised the following:

	(Unaudited) 30th September 2016 HK\$'000	(Audited) 31st March 2016 HK\$'000
Amounts due to third parties	<u>17,145</u>	<u>19,835</u>

## 10 EXPENSES BY NATURE

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

	(Unaudited) Six months ended 30th September 2016 HK\$'000	2015 HK\$'000
Paper consumed	5,193	5,898
Depreciation of property, plant and equipment	858	1,000
Amortisation of intangible assets (Note 5)	1,361	1,368
Employee benefit expense (including directors' emoluments)	31,332	30,618
Occupancy costs	2,199	2,905
Loss on disposal of property, plant and equipment	<u>2</u>	<u>23</u>

## 11 OTHER INCOME

	(Unaudited) Six months ended 30th September 2016 HK\$'000	2015 HK\$'000
Bank interest income	101	597
License fee income	–	120
Other media business income	<u>582</u>	<u>1,696</u>
	<u>683</u>	<u>2,413</u>

## 12 CHANGE IN FAIR VALUE OF CONVERTIBLE BOND

	(Unaudited) Six months ended 30th September 2016 HK\$'000	2015 HK\$'000
Financial liability at fair value through profit or loss		
— Change in fair value of convertible bond	<u>–</u>	<u>218</u>

### 13 INCOME TAX CREDIT/(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% (2015: 16.5%) on the estimated assessable profit for the period.

No provision for the People's Republic of China ("PRC") current enterprise income tax has been made as subsidiaries in the PRC were loss making except for one PRC subsidiary has unutilised tax losses to offset the assessable profits generated in the PRC during the six months ended 30th September 2016 and 2015.

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
— Hong Kong profits tax	<b>(422)</b>	(890)
Deferred income tax credit	<b>1,840</b>	121
	<b>1,418</b>	<b>(769)</b>

### 14 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.

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss attributable to owners of the Company	<b>(8,793)</b>	(1,833)
Weighted average number of ordinary shares in issue (in thousands)	<b>400,900</b>	400,471
Basic loss per share (HK cents per share)	<b>(2.19)</b>	(0.46)
Diluted loss per share (HK cents per share)	<b>(2.19)</b>	(0.46)

The diluted loss per share is the same as the basic loss per share as there was no dilutive effect arising from the assumed conversion of the convertible bond and share options granted by the Company.

## 15 DIVIDENDS

The Directors do not declare the payment of interim dividend for the six months ended 30th September 2016 (Six months ended 30th September 2015: HKnil cent).

Dividends paid during the period:

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Relating to the year ended 31st March 2016		
Final dividend of HKnil cent (2015: HK1 cent) per ordinary share	–	4,009

## 16 CONTINGENT LIABILITIES

As at 30th September 2016, the Group did not have any material contingent liabilities or guarantees (31st March 2016: Nil).

## 17 POSSIBLE DISPOSAL

Reference is made to the joint announcement dated 1st August 2016 (the “First Joint Announcement”) and the joint announcement dated 28th November 2016 (the “Subsequent Joint Announcement”), jointly issued by Qingdao West Coast Holdings (Internation) Limited (“Qingdao West Coast”) and the Company. As stated in the First Joint Announcement, the Directors were informed by the Company’s controlling shareholder, Comwell Investment Limited (“Comwell”), that on 22nd July 2016, Comwell (as vendor) and Qingdao West Coast (as purchaser) entered into the share transfer agreement, pursuant to which Comwell conditionally agreed to sell and Qingdao West Coast conditionally agreed to purchase 292,700,000 shares in the company, representing approximately 73.01% of the entire issued share capital of the Company. Qingdao West Coast is a company incorporated in the British Virgin Islands, whose ultimate controlling shareholder is Qingdao West Coast Development (Group) Limited, a PRC State-owned Enterprise wholly-owned by the State-owned Asset Supervision and Administration Commission of Qingdao.

As stated in the Subsequent Joint Announcement, the Directors were informed by Comwell that on 28th November 2016, Comwell and Qingdao West Coast entered into a supplemental agreement which extended the long stop date of the share transfer agreement to 31st January 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results Summary

During the first half of the current financial period, the retail and advertising markets in Hong Kong suffered from a prolonged economic slowdown. According to the monthly retail sales report conducted by Hong Kong Census and Statistics Department, the total retail sales in the first nine months of 2016 decreased by 9.6% in value and 8.3% in volume compared with the same period of 2015. The total sales of luxury products including jewellery, watches and clocks, and valuable gifts declined 21.5% for the first nine months of 2016 compared with the same period of 2015.

The weak performance of retail market, especially the luxury and branded label products, resulted in the decrease of advertising expenditure, which adversely impacted on the Group's overall financial performance during the period under review. This was exacerbated by the shift of advertising expenditure from traditional media to new media. For the six months ended 30th September 2016, turnover of the Group decreased 27% or HK\$18,424,000 to HK\$50,307,000 from HK\$68,731,000 during the corresponding period in 2015. The Group recorded a loss attributable to owners of the Company of HK\$8,793,000 as compared to the loss of HK\$1,833,000 reported in 2015.

### Review of Operations

#### *Hong Kong*

Turnover for Hong Kong operation, which accounted for 89% of the Group's turnover for the period, reported a decline of 26% or HK\$15,579,000, to HK\$44,717,000 from HK\$60,296,000. Due to the decline in the turnover, the segment recorded a loss of HK\$8,867,000 when compared with a segment profit of HK\$6,087,000 in the previous financial period.

“Ming Pao Weekly 明周” (“MP Weekly”), the Group's main turnover contributing business for the Hong Kong segment, was adversely impacted by the weak retail market condition, resulting in advertisers tightening their advertising and promotion spending. The complimentary monthly title published with MP Weekly, “Ming's” (“Ming's”), which provides latest trends and styles on fashion, beauty and lifestyle on monthly basis, has made an additional contribution in MP Weekly's overall advertising income during the period.

MP Weekly has been recognised by media associations for its journalistic excellence. During the financial period under review, it has won the Award for Excellence in the Excellence of Lifestyle Coverage category and Honourable Mention in the Excellence of Feature Writing category in The SOPA 2016 Awards for Editorial Excellence organised by The Society of Publishers in Asia.

“TopGear 極速誌” (“TopGear Hong Kong”) is a leading automobile magazine with international editorial backing, while “MING Watch 明錶” (“Ming Watch Hong Kong”) is a popular high-end watch title offering quality feature stories and the latest industry trends. Both magazines deliver high standard contents through print and digital platforms to provide readers with multi-media exposure. During the financial period under review, TopGear Hong Kong and Ming Watch Hong Kong reported declines in performance due to the sluggish retail and advertising markets. Besides, TopGear Hong Kong continued to provide contract publishing services to certain premium brands and contributed additional revenue to the Group during the period.

#### *Mainland China*

For the first half of the current financial year, turnover of the Group’s Mainland China operation amounted to HK\$5,590,000, reflecting a decrease of 34% from HK\$8,435,000 in the corresponding period last year. The drop is also mainly due to the stagnant retail market, especially the luxury and branded label products. The segment loss, however, narrowed to HK\$590,000 from HK\$2,316,000 recorded in 2015, mainly attributed to the Group’s rigid cost containment strategies and savings in operating expenses during the period.

“TopGear 汽車測試報告” (“TopGear China”) continues to attract Mainland Chinese readers with the latest infotainment and automobile news as well as trends. “MING Watch 明表” (“Ming Watch China”), a quarterly magazine, introduces the latest high-end watch market trends and delivers quality feature stories to Mainland China readers. In the first half of 2016/17, the performance of TopGear China and Ming Watch China have been affected by the slow retail market in China.

#### *Taiwan*

The Group expanded its business to Taiwan through launching “TopGear Taiwan 極速誌” (“TopGear Taiwan”), a monthly automobile magazine, in November 2015. TopGear Taiwan has been well accepted by local readers during the period under review, which allows the Group to build up a media platform across Greater China. At the moment, this is still under the investment stage.

#### *Other Media Investments*

Connect Media Company Limited, the Group’s joint venture, continued to focus on multimedia channel of advertising business in passenger transportation in the Pearl River Delta region.

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

ST Productions Limited, in which the Group holds 70% equity interest, has been set up for the business of artiste and events management to open up new revenue stream for the Group.

## **Possible Disposal**

Reference is made to the joint announcement dated 1st August 2016 (the “First Joint Announcement”) and the joint announcement dated 28th November 2016 (the “Subsequent Joint Announcement”), jointly issued by Qingdao West Coast Holdings (Internation) Limited (“Qingdao West Coast”) and the Company. As stated in the First Joint Announcement, the Directors were informed by the Company’s controlling shareholder, Comwell Investment Limited (“Comwell”), that on 22nd July 2016, Comwell (as vendor) and Qingdao West Coast (as purchaser) entered into the share transfer agreement, pursuant to which Comwell conditionally agreed to sell and Qingdao West Coast conditionally agreed to purchase 292,700,000 shares in the Company, representing approximately 73.01% of the entire issued share capital of the Company. Qingdao West Coast is a company incorporated in the British Virgin Islands, whose ultimate controlling shareholder is Qingdao West Coast Development (Group) Limited, a PRC State-owned Enterprise wholly-owned by the State-owned Asset Supervision and Administration Commission of Qingdao. For details, please refer to the First Joint Announcement.

As stated in the Subsequent Joint Announcement, the Directors were informed by Comwell that on 28th November 2016, Comwell and Qingdao West Coast entered into a supplemental agreement which extended the long stop date of the share transfer agreement to 31st January 2017. For details, please refer to the Subsequent Joint Announcement.

## **Outlook**

The traditional print media industry has being adversely affected by the weakening retail market in both Hong Kong and Mainland China. Adding to this, fierce competition is expected to continue within the entire media industry, especially the area of new media. Nevertheless, the Group will stay cautious and maintain tight cost control to enhance productivity and profitability. The Group will continue to reallocate resources to further develop the fast growing new media business to cover the decline in traditional business, while at the same time, explore new business opportunities to diversify its revenue stream.

## **CAPITAL EXPENDITURE**

The Group’s total capital expenditure for property, plant and equipment and intangible assets for the six months ended 30th September 2016 amounted to HK\$807,000.

## **LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO**

As at 30th September 2016, the Group’s net current assets amounted to HK\$62,213,000 (31st March 2016: HK\$73,183,000) and the total equity attributable to the equity holders of the Company was HK\$138,627,000 (31st March 2016: HK\$147,773,000). The Group had no bank borrowings (31st March 2016: HK\$936,000) 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 insignificant at 30th September 2016 and 31st March 2016.

## **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 2016, the Group has 199 employees (31st March 2016: 203 employees), of which 166 were stationed in Hong Kong and Taiwan and 33 were stationed in the Mainland China, respectively. The Group remunerates its employees based on the operating results, individual performance and comparable market statistics. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee regularly.

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

## **CORPORATE GOVERNANCE**

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

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Due to other commitment, Tan Sri Datuk Sir TIONG Hiew King, the Chairman of the Board of Directors, was unable to attend the annual general meeting of the Company held on 11th August 2016. In his absence, Mr. TIONG Kiew Chiong, the executive Director and Deputy Chairman of the Company attended and took the chair of the said annual general meeting and ensured that proceedings of the meeting were conducted in order. The Company considers that sufficient measures have been taken to ensure that Company's corporate governance practices are no less exacting than those in the CG Code.

## **COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

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

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

## **AUDIT COMMITTEE**

The Company established an Audit Committee on 26th September 2005 with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. Victor YANG and Mr. LAU Chi Wah, Alex. The Audit Committee has reviewed the Group's unaudited condensed consolidated financial information for the six months ended 30th September 2016 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.

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

Hong Kong, 30th November 2016

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

*The Company's Interim Report 2016/17 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 2016.*