萬 華 媒 體
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 2019

The directors (the "Directors") of One Media Group Limited (the "Company") announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th September 2019, together with the comparative figures for the corresponding period in 2018 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

*FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2019*

| | | (Unaudited) Six months ended 30th September | |
|---|---|---|---|
| | | **2019** | 2018 |
| | *Note* | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | | |
| Turnover | *5* | **37,790** | 44,692 |
| Cost of goods sold | | **(29,239)** | (28,824) |
| **Gross profit** | | **8,551** | 15,868 |
| Other income | *6* | **785** | 661 |
| Selling and distribution expenses | | **(8,015)** | (11,186) |
| Administrative expenses | | **(9,952)** | (11,880) |
| **Operating loss** | | **(8,631)** | (6,537) |
| Finance costs | *8* | **(109)** | – |
| **Loss before income tax** | | **(8,740)** | (6,537) |
| Income tax expense | *9* | **(74)** | (101) |
| **Loss for the period from continuing operations** | | **(8,814)** | (6,638) |
| Loss for the period from discontinued operation (attributable to equity holders of the company) | | **–** | (6,678) |
| **Loss for the period** | | **(8,814)** | (13,316) |

| | Note | (Unaudited) Six months ended 30th September **2019** *HK$'000* | 2018 *HK$'000* |
|---|---|---|---|
| **Loss attributable to:** | | | |
| — Owners of the Company | | | |
| — from continuing operations | | **(8,814)** | (6,638) |
| — from discontinued operation | | **–** | (6,678) |
| | | **(8,814)** | (13,316) |
| — Non-controlling interests | | **–** | – |
| | | **(8,814)** | (13,316) |
| **Loss per share attributable to owners of the Company during the period (expressed in HK cents per share)** | | | |
| — from continuing operations | | **(2.20)** | (1.65) |
| — from discontinued operation | | **–** | (1.67) |
| **Basic and diluted** | *10* | **(2.20)** | (3.32) |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2019*

| | (Unaudited) Six months ended 30th September | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| **Loss for the period** | **(8,814)** | (13,316) |
| **Other comprehensive loss** | | |
| *Items that may be reclassified subsequently to profit or loss* | | |
| Release of currency translation reserve upon disposal of subsidiaries | **–** | 1,682 |
| Currency translation differences | **4** | (663) |
| *Item that will not be reclassified to profit or loss* | | |
| Fair value change on financial asset at fair value through other comprehensive income | **(4,657)** | (45,157) |
| **Total comprehensive loss for the period** | **(13,467)** | (57,454) |
| **Total comprehensive loss for the period attributable to:** | | |
| — Owners of the Company arises from: | | |
| — Continuing operations | **(13,467)** | (56,398) |
| — Discontinued operation | **–** | (1,056) |
| | **(13,467)** | (57,454) |
| — Non-controlling interests | **–** | – |
| | **(13,467)** | (57,454) |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*AS AT 30TH SEPTEMBER 2019*

| | Note | (Unaudited) 30th September 2019 HK$'000 | (Audited) 31st March 2019 HK$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **1,655** | 1,627 |
| Intangible assets | *12* | **4,765** | 4,894 |
| Right-of-use assets | *4* | **5,517** | – |
| Financial asset at fair value through other comprehensive income | *13* | **19,238** | 23,895 |
| **Total non-current assets** | | **31,175** | 30,416 |
| **Current assets** | | | |
| Inventories | | **430** | 482 |
| Trade and other receivables | *14* | **13,669** | 16,811 |
| Income tax recoverable | | **317** | 391 |
| Cash and cash equivalents | | **16,457** | 22,843 |
| **Total current assets** | | **30,873** | 40,527 |
| **Total assets** | | **62,048** | 70,943 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | *15* | **401** | 401 |
| Share premium | *15* | **457,543** | 457,543 |
| Other reserves | | **(329,458)** | (324,805) |
| Accumulated losses | | **(87,901)** | (79,087) |
| **Total equity** | | **40,585** | 54,052 |

| | Note | (Unaudited) 30th September 2019 HK$'000 | (Audited) 31st March 2019 HK$'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Long service payment obligations | | **54** | 54 |
| Lease liabilities | | **3,397** | – |
| **Total non-current liabilities** | | **3,451** | 54 |
| **Current liabilities** | | | |
| Trade and other payables | *16* | **11,442** | 12,620 |
| Contract liabilities | *16* | **1,773** | 3,116 |
| Amounts due to fellow subsidiaries | *16* | **1,819** | 1,101 |
| Bank borrowings | *17* | **810** | – |
| Lease liabilities | | **2,168** | – |
| **Total current liabilities** | | **18,012** | 16,837 |
| **Total liabilities** | | **21,463** | 16,891 |
| **Total equity and liabilities** | | **62,048** | 70,943 |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

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

The Company is an investment holding company. The Group is principally engaged in media business in Hong Kong and Taiwan, including but not limited to magazine publishing and digital media business.

The condensed consolidated interim financial information of the Group for the six months ended 30th September 2019 (this "interim financial information") is presented in Hong Kong dollars ("HK$"), unless otherwise stated. This interim financial information has been approved for issue by the Board of Directors on 25th November 2019.

This interim financial information has not been audited.

### 2 BASIS OF PREPARATION

This unaudited interim financial information has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited.

This interim financial information should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31st March 2019 which were prepared in accordance with International Financial Reporting Standards ("IFRSs") and the accompanying explanatory notes attached to this interim 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 2019 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:

- Amendments to IAS 19, "Plan amendment, curtailment or settlement"
- Amendments to IAS 28, "Long-term interests in associates and joint ventures"
- Amendments to IFRS 9, "Prepayment features with negative compensation"
- IFRS 16, "Leases"
- Interpretations IFRIC 23, "Uncertainty over income tax treatments"
- Annual improvement, "Annual improvements to IFRSs 2015–2017 cycle"

The impact of the adoption of IFRS 16 "Leases" and changes in accounting policies are disclosed in Note 4 below. The other 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 interpretations 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 not yet effective and have not been early adopted by the Group:

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| Amendments to IAS 1 and IAS 8 | Definition of material | 1st January 2020 |
| Amendments to IFRS 3 | Definition of a business | 1st January 2020 |
| 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 |
| Conceptual framework for financial reporting 2018 | Revised conceptual framework for financial reporting | 1st January 2020 |
| IFRS 17 | Insurance contracts | 1st January 2021 |

There are no other new, amended or revised standards 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

**Impact on the financial statements from the adoption of IFRS 16**

This note explains the impact of the adoption of IFRS 16 "Leases" on the Group's consolidated financial statements and discloses the new accounting policy that have been applied from 1st April 2019.

The Group has adopted IFRS 16 retrospectively from 1st April 2019, but has not restated prior period comparatives, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balances of the Group's consolidated statement of financial position as at 1st April 2019.

**(a) Adjustments recognised on adoption of IFRS 16**

On adoption of IFRS 16, the Group recognised lease liabilities in relation to lease which had previously been classified as "operating leases" under the principles of IAS 17 "Leases".

These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1st April 2019, except for short-term leases and leases for which the underlying asset is of low value, to which the respective lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1st April 2019 was 3.5%.

The Group had outstanding lease commitments of HK$7,116,000 as at 31st March 2019.

| | *HK$'000* |
|---|---|
| Discounted using the lessee's incremental borrowing rate at the date of initial application | 6,751 |
| Less: short-term leases not recognised as a liability | (131) |
| Lease liability recognised as at 1st April 2019 | 6,620 |
| Of which are: | |
| Current lease liabilities | 2,130 |
| Non-current lease liabilities | 4,490 |
| | 6,620 |

Right-of-use assets recognised relate to the following types of assets:

| | **30th September 2019** *HK$'000* | 1st April 2019 *HK$'000* |
|---|---|---|
| Right-of-use assets — properties | **5,517** | 6,620 |

The change in accounting policy affected the following items in the condensed consolidated statement of financial position as at 1st April 2019:

- right-of-use assets — increased by HK$6,620,000

- lease liabilities — increased by HK$6,620,000

There was no impact to the Group's retained earnings as at 1st April 2019 for the adoption of IFRS 16.

*Practical expedients applied*

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1st April 2019 as short-term leases.

The Group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 "Determining whether an Arrangement Contains a Lease".

**(b) The Group's leasing activities and how these are accounted for**

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year 2018/2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) were charged to profit or loss on a straight-line basis over the periods of the leases.

From 1st April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

## 5 TURNOVER AND 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 operation and also the performance of the entertainment and lifestyle operation and the watch and car operation and others, respectively.

The breakdown of total turnover 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 2019 and 2018 are as follows:

| | (Unaudited) Six months ended 30th September 2019 Media Business | | |
|---|---|---|---|
| | Hong Kong and Taiwan | | |
| | Entertainment and lifestyle operation | Watch and car operation and others | Total |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Turnover** | **30,139** | **7,651** | **37,790** |
| **Segment loss** | **(4,819)** | **(1,674)** | **(6,493)** |
| Unallocated expenses | | | **(2,138)** |
| Unallocated finance costs *(Note 8)* | | | **(109)** |
| Loss before income tax | | | **(8,740)** |
| Income tax expense | | | **(74)** |
| **Loss for the period** | | | **(8,814)** |
| **Other segmental information:** | | | |
| Interest income | **100** | **–** | **100** |
| Depreciation of property, plant and equipment | **318** | **33** | **351** |
| Amortisation of intangible assets *(Note 12)* | **126** | **5** | **131** |
| Depreciation of right-of-use assets | **1,103** | **–** | **1,103** |

| | (Unaudited) Six months ended 30th September 2018 Media Business | | | | |
|---|---|---|---|---|---|
| | Continuing operations | | | Discontinued operation | |
| | Hong Kong and Taiwan | | | *(Note)* | |
| | Entertainment and lifestyle operation *HK$'000* | Watch and car operation and others *HK$'000* | Sub total *HK$'000* | Mainland China *HK$'000* | Total *HK$'000* |
| **Turnover** | 36,675 | 8,017 | 44,692 | 463 | 45,155 |
| **Segment loss** | (2,075) | (1,186) | (3,261) | (6,678) | (9,939) |
| Unallocated expenses | | | | | (3,276) |
| 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 *(Note 12)* | 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 interim financial information of the disposed entities is presented as discontinued operation.

**Disaggregation of revenue**

| | **(Unaudited) Six months ended 30th September** | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Timing of revenue | | |
| — At a point of time | **7,763** | 9,017 |
| — Overtime | **30,027** | 36,138 |
| | **37,790** | 45,155 |

## 6 OTHER INCOME

| | (Unaudited) Six months ended 30th September | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Bank interest income | **100** | 36 |
| Other media business income | **685** | 625 |
| | **785** | 661 |

## 7 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 | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Paper consumed | **204** | 555 |
| Depreciation of property, plant and equipment | **351** | 352 |
| Depreciation of right-of-use assets | **1,103** | – |
| Amortisation of intangible assets *(Note 12)* | **131** | 153 |
| Employee benefit expense (including directors' emoluments) | **25,009** | 27,640 |
| Occupancy costs | **–** | 1,580 |
| Short-term lease expenses | **156** | – |
| Loss on disposal of property, plant and equipment | **–** | 4 |

## 8 FINANCE COSTS

| | (Unaudited) Six months ended 30th September | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Interest expense on lease liabilities | **109** | – |

## 9 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% for the six months ended 30th September 2019 (the tax rate for the six months ended 30th September 2018 was 16.5%) on the estimated assessable profit derived from Hong Kong for the period.

Income tax expense in the condensed consolidated income statement represents:

| | (Unaudited) Six months ended 30th September | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Current income tax | | |
| — Hong Kong profits tax | **74** | 101 |

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

## 10 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

| | (Unaudited) Six months ended 30th September | |
|---|---|---|
| | **2019** | 2018 |
| | ***HK$'000*** | *HK$'000* |
| Weighted average number of ordinary shares in issue *(in thousands)* | **400,900** | 400,900 |
| Loss from continuing operations attributable to owners of the Company | **(8,814)** | (6,638) |
| Basic and diluted loss per share from continuing operations attributable to owners of the Company *(HK cents per share)* | **(2.20)** | (1.65) |
| Loss from discontinued operation attributable to owners of the Company | **–** | (6,678) |
| Basic and diluted loss per share from discontinued operation attributable to owners of the Company *(HK cents per share)* | **–** | (1.67) |
| Basic and diluted loss per share *(HK cents per share)* | **(2.20)** | (3.32) |

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 2019 and 2018.

## 11 DIVIDENDS

The Directors do not recommend the payment of interim dividend for the six months ended 30th September 2019 (Six months ended 30th September 2018: Nil).

## 12 INTANGIBLE ASSETS

| | Group | | | |
|---|---|---|---|---|
| | **Computer software** | **Goodwill** | **Trademarks** | **Total** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **Period ended 30th September 2018 (Unaudited)** | | | | |
| Opening net book amount | 200 | – | 4,973 | 5,173 |
| Amortisation expenses | (51) | – | (102) | (153) |
| Closing net book amount | 149 | – | 4,871 | 5,020 |
| **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 | 149 | – | 4,871 | 5,020 |
| **Period ended 30th September 2019 (Unaudited)** | | | | |
| Opening net book amount | **126** | **–** | **4,768** | **4,894** |
| Additions | **2** | **–** | **–** | **2** |
| Amortisation expenses | **(28)** | **–** | **(103)** | **(131)** |
| Closing net book amount | **100** | **–** | **4,665** | **4,765** |
| **At 30th September 2019** | | | | |
| Cost | **1,434** | **–** | **75,600** | **77,034** |
| Accumulated amortisation | **(1,334)** | **–** | **(13,481)** | **(14,815)** |
| Accumulated impairment | **–** | **–** | **(57,454)** | **(57,454)** |
| Net book amount | **100** | **–** | **4,665** | **4,765** |

## 13 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | **(Unaudited)**<br>**30th September**<br>**2019**<br>***HK$'000*** | (Audited)<br>31st March<br>2019<br>*HK$'000* |
|---|---|---|
| Trading securities — listed securities | | |
| At the beginning of the period/year | **23,895** | 70,470 |
| Fair value loss recognised in other comprehensive income | **(4,657)** | (46,575) |
| At the end of the period/year | **19,238** | 23,895 |

At 30th September 2019 and 31st March 2019, the fair value was determined based on the share price of the listed securities.

The financial asset at fair value through other comprehensive income is denominated in Hong Kong dollar and the fair value approximates the carrying amounts.

## 14 TRADE AND OTHER RECEIVABLES

| | **(Unaudited)**<br>**30th September**<br>**2019**<br>***HK$'000*** | (Audited)<br>31st March<br>2019<br>*HK$'000* |
|---|---|---|
| Trade receivables | **11,655** | 13,798 |
| Other receivables and deposits | **546** | 517 |
| Barter receivables | **191** | 148 |
| Prepayments and advances | **1,277** | 2,348 |
| | **13,669** | 16,811 |

As at 30th September 2019 and 31st March 2019, the fair values of trade and other receivables 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 2019 and 31st March 2019, the ageing analysis of the Group's trade receivables by invoice date, net of allowance for impairment, is as follows:

| | **(Unaudited)**<br>**30th September**<br>**2019**<br>***HK$'000*** | (Audited)<br>31st March<br>2019<br>*HK$'000* |
|---|---|---|
| 0 to 60 days | **7,862** | 7,585 |
| 61 to 120 days | **1,726** | 3,609 |
| 121 to 180 days | **1,447** | 1,249 |
| Over 180 days | **620** | 1,355 |
| | **11,655** | 13,798 |

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

## 15 SHARE CAPITAL AND SHARE PREMIUM

| | Number of shares *(in thousands)* | Nominal values of ordinary shares of HK$0.001 each *HK$'000* | Share premium *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| At 1st April 2018, 30th September 2018, 31st March 2019 and 30th September 2019 | 400,900 | 401 | 457,543 | 457,944 |

## 16 TRADE AND OTHER PAYABLES, CONTRACT LIABILITIES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

| | **(Unaudited) 30th September 2019** ***HK$'000*** | (Audited) 31st March 2019 *HK$'000* |
|---|---|---|
| Trade payables | **4,254** | 4,174 |
| Other payables | **7,188** | 8,446 |
| | **11,442** | 12,620 |
| Contract liabilities | **1,773** | 3,116 |
| Amounts due to fellow subsidiaries | **1,819** | 1,101 |
| | **15,034** | 16,837 |

As at 30th September 2019 and 31st March 2019, the ageing analysis of the trade payables by invoice date is as follows:

| | **(Unaudited) 30th September 2019** ***HK$'000*** | (Audited) 31st March 2019 *HK$'000* |
|---|---|---|
| 0 to 60 days | **2,621** | 2,333 |
| 61 to 120 days | **1,461** | 1,677 |
| 121 to 180 days | **109** | 103 |
| Over 180 days | **63** | 61 |
| | **4,254** | 4,174 |

As at 30th September 2019 and 31st March 2019, the fair values of trade and other payables and amounts due to fellow subsidiaries approximated their carrying amounts.

## 17 BANK BORROWINGS

| | (Unaudited) 30th September 2019 *HK$'000* | (Audited) 31st March 2019 *HK$'000* |
|---|---|---|
| **Current** | | |
| Short-term bank borrowings (unsecured) | **810** | – |

## 18 CONTINGENT LIABILITIES

As at 30th September 2019, the Group did not have any material contingent liabilities or guarantees (31st March 2019: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary

The Gross Domestic Product (GDP) in Hong Kong was a negative growth of 2.9% in the third quarter of 2019 when compared to previous year. This was compared to a moderate growth of 0.4% in the preceding quarter. According to the monthly retail sales report conducted by Hong Kong Census and Statistics Department, the value of total retail sales in September 2019, provisionally estimated at HK$29.9 billion, decreased by 18.3% compared with the same month in 2018. The mass protest that has prolonged for the past 5 months with no signs of abatement has led to Hong Kong's economy being at its worst slump since the global financial crisis in 2008.

For the six months ended 30th September 2019, the Group recorded a turnover from continuing operations of HK$37,790,000, a decrease of 15.4% or HK$6,902,000 when compared to the Group's turnover of HK$44,692,000 in the same period for the previous year. Despite the drop in its turnover, the Group's loss attributable to owners of the Company narrowed to HK$8,814,000 from HK$13,316,000 in the previous year. The improvement in its results was mainly due to the operations in Mainland China being discontinued and operational cost control. The loss from continuing operations was HK$8,814,000 compared to the loss from continuing operations of HK$6,638,000 for the same period for the previous year.

### Review of Operations

*Entertainment and Lifestyle Operation*

Turnover for the entertainment and lifestyle operation fell by 17.8% to HK$30,139,000 from HK$36,675,000 in the corresponding period in previous year. The decline in this segment resulted in its losses widened by 132% to HK$4,819,000 for this period if compared with last year.

Although the Group has further tightened its operational costs, the decrease in the segment turnover was much more than such cost savings. This segment business performance was not only affected by the state of Hong Kong's economy which is negatively impacted by the unresolved trade war between USA and China, but also the local spending downturn due to the recent protests in the city.

"*Ming Pao Weekly 明周*" ("MP Weekly"), its flagship, has been impacted by the subdued demand for luxury brands in the period under review. Nevertheless, it continues to be favored by its readers and its social media section has attracted more readers during the recent tumultuous period in Hong Kong. This is especially so for its publications on its website where its page views have also increased.

"*Ming's*", a magazine covering latest trends, fashion, beauty and lifestyle, continues to contribute to the Group's overall advertising income in the Entertainment and Lifestyle segment. The product was revamped in September 2019 with good and encouraging response from the market.

To ensure sustainability of its business, the Group continues to focus on building its expertise and presence in the digital domain for its operations. To increase its revenue, the Group has gone beyond its usual client base and reached out to new clients who were open to advertising solutions using original curated videos with creative storylines to expand their outreach in the local market.

The Group is still actively pursuing opportunities in the event management sector targeting government events. The Group's artist management business continues to grow and improve with some successful artists under its management.

To cushion the decline in its turnover, the Group has intensified its cost optimisation efforts, which include savings on printing costs, retraining and reorganizing its manpower deployment with the aim of expanding the skillsets of its employees.

*Watch and Car Operation and Others*

Watch and car operation and others segment turnover slightly decreased by 4.6% from HK$8,017,000 to HK$7,651,000 compared to last year. Segment loss was HK$1,674,000 compared to HK$1,186,000 in the same period for the previous year.

"*TopGear 極速誌*" ("TopGear"), a leading automobile title and "*MING Watch 明錶*" ("Ming Watch"), a popular high-end watch title, offering quality feature stories and the latest industry trends, have been marginally affected by the slowdown in the economy but continue to be well received by their readers in both print and digital platforms. Due to the efforts on building their expertise and presences in digital platforms, their digital income continues to grow at a steady pace. TopGear has extended its operation from Hong Kong to Taiwan in terms of print and digital media.

*Other Media Investments*

To expand its business, the Group is always looking for investments involving strategic partnerships with new start-ups, especially in the digital media platform, with an intention to leverage on the expertise of these start-ups to enhance its digital platform. As at 30th September 2019, the Group has around 7.5% shareholdings in Most Kwai Chung Limited (Stock code: 1716), a media group listed on the main board of the Hong Kong Stock Exchange.

**Outlook**

The Group expects the second half of the financial year to be challenging. With the Hong Kong economy growing at a slower pace, the continuing trade war between the USA and China and retail market being affected by the protests, advertising spending will remain weak. The Group will face this bleak environment by focusing on improving its readership performance and also continuously developing its advertising production services.

## CAPITAL EXPENDITURE

The Group's total capital expenditure for property, plant and equipment and intangible assets for the six months ended 30th September 2019 amounted to HK$381,000.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30th September 2019, the Group's net current assets amounted to HK$12,861,000 (31st March 2019: HK$23,690,000) and the total equity attributable to the equity holders of the Company was HK$40,585,000 (31st March 2019: HK$54,052,000). The Group had bank borrowings of HK$810,000 (31st March 2019: 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 insignificant at 30th September 2019 (31st March 2019: zero).

## EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's revenues and costs are mainly denominated in Hong Kong dollars, the Group does not foresee substantial risks from exposure to fluctuation in exchange rates.

## 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 2019, the Group has 153 employees (31st March 2019: 152 employees). 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. Saved as disclosed below, during the period under review, the Company has complied with the CG Code.

Following the resignation of Mr. YANG, Victor as an independent non-executive director ("INED") on 1st August 2019, the Board comprised five members, including two executive directors, one non-executive director and two INEDs, the number of INEDs falling below the minimum number required under Rule 3.10(1) of the Listing Rules. Mr. YANG, Victor also served as the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Company. Following Mr. YANG, Victor's resignation, the Audit Committee members decreased from three to two, below the minimum number required under Rule 3.21 of the Listing Rules; and the chairman of the Nomination Committee became vacant which did not fulfill the requirement under Code Provision A.5.1 of Appendix 14 of the Listing Rules.

On 1st September 2019, Mr. CHAU Cheuk Wah was appointed as an INED, the Chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Company. Following the appointment of Mr. CHAU, the number of INEDs and Audit Committee members of the Company fulfil the minimum number as required under Rule 3.10(1) and Rule 3.21 of the Listing Rules; and the appointment of the Chairman of the Nomination Committee fulfils the requirement under Code Provision A.5.1 of Appendix 14 of the Listing Rules.

## 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. LAU Chi Wah, Alex and Mr. CHAU Cheuk Wah. The Audit Committee has reviewed the Group's unaudited condensed consolidated financial information for the six months ended 30th September 2019 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. LAU Chi Wah, Alex, and Mr. CHAU Cheuk Wah 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. LAU Chi Wah, Alex, and Mr. CHAU Cheuk Wah and one executive Director, namely, Mr. TIONG Kiew Chiong.

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

Hong Kong, 25th November 2019

*As at the date of this announcement, the board of the Company comprises Ms. TIONG Choon, being non-executive director; Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong, being executive directors; and Mr. YU Hon To, David, Mr. LAU Chi Wah, Alex and Mr. CHAU Cheuk Wah, being independent non-executive directors.*

*The Company's Interim Report 2019/20 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 2019.*