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萬 華 媒 體
ONEMEDIAGROUP
One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

**FIRST QUARTER RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30TH JUNE 2020**

The directors (the “Directors”) of One Media Group Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 30th June 2020, together with the comparative figures for the corresponding period in 2019 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 30TH JUNE 2020

	<i>Note</i>	(Unaudited)	
		Three months ended 30th June	
		2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	10,478	18,108
Cost of goods sold		<u>(11,859)</u>	<u>(13,480)</u>
Gross (loss)/profit		(1,381)	4,628
Other income	3	3,245	372
Selling and distribution expenses		(3,209)	(3,941)
Administrative expenses		<u>(4,272)</u>	<u>(4,745)</u>
Operating loss		(5,617)	(3,686)
Finance costs		<u>(23)</u>	<u>(57)</u>
Loss before income tax		(5,640)	(3,743)
Income tax expense	5	<u>(21)</u>	<u>(37)</u>
Loss for the period		<u>(5,661)</u>	<u>(3,780)</u>
Loss attributable to:			
- Owners of the Company		(5,661)	(3,780)
- Non-controlling interests		<u>-</u>	<u>-</u>
		<u>(5,661)</u>	<u>(3,780)</u>
Loss per share attributable to owners of the Company during the period (expressed in HK cents per share)			
- Basic and diluted	6	<u>(1.4)</u>	<u>(0.9)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30TH JUNE 2020

	(Unaudited)	
	Three months ended 30th June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(5,661)	(3,780)
Other comprehensive (loss)/income		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(73)	1
<i>Items that will not be reclassified to profit or loss</i>		
Changes in fair value on financial asset at fair value through other comprehensive income	1,114	(1,215)
Total comprehensive loss for the period	(4,620)	(4,994)
Total comprehensive loss for the period attributable to:		
- Owners of the Company	(4,620)	(4,994)
- Non-controlling interests	-	-
	(4,620)	(4,994)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30th June 2020

		(Unaudited) 30th June 2020 HK\$'000	(Audited) 31st March 2020 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		623	679
Financial asset at fair value through other comprehensive income	8	<u>10,935</u>	<u>9,821</u>
Total non-current assets		<u>11,558</u>	<u>10,500</u>
Current assets			
Inventories		271	379
Trade and other receivables		8,461	8,673
Cash and cash equivalents		<u>9,842</u>	<u>9,976</u>
Total current assets		<u>18,574</u>	<u>19,028</u>
Total assets		<u>30,132</u>	<u>29,528</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		401	401
Share premium		457,543	457,543
Other reserves		(337,914)	(338,955)
Accumulated losses		<u>(111,596)</u>	<u>(105,935)</u>
Total equity		<u>8,434</u>	<u>13,054</u>
LIABILITIES			
Non-current liabilities			
Loan from a fellow subsidiary	9	5,000	-
Long service payment obligations		137	137
Lease liabilities		<u>1,065</u>	<u>2,285</u>
Total non-current liabilities		<u>6,202</u>	<u>2,422</u>
Current liabilities			
Trade and other payables		7,444	8,567
Bank borrowing		1,507	-
Contract liabilities		2,759	2,263
Amounts due to fellow subsidiaries		2,347	976
Lease liabilities		1,377	2,205
Income tax payable		<u>62</u>	<u>41</u>
Total current liabilities		<u>15,496</u>	<u>14,052</u>
Total liabilities		<u>21,698</u>	<u>16,474</u>
Total equity and liabilities		<u>30,132</u>	<u>29,528</u>

NOTES

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial information of the Company (the “Financial Information”) for the three months ended 30th June 2020 is unaudited and has been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

This Financial Information has been prepared under the historical cost convention.

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.

This first quarter results announcement should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31st March 2020, which have been prepared in accordance with IFRSs.

(b) *Accounting policies*

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2020, as described in those annual financial statements.

Taxes on income during the period are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group has not early adopted new accounting standards and interpretations that have been published but are not mandatory for 31st March 2021 reporting periods. These new standards and interpretations are expected to have no material impact on the Group’s consolidated financial statement.

2 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 entertainment and lifestyle operation and the watch and car operation and others in Hong Kong and Taiwan.

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 three months ended 30th June 2020 and 2019 are as follows:

	(Unaudited)		
	Three months ended 30th June 2020		
	<u>Media Business</u>		
	Hong Kong and Taiwan		
	Entertainment and lifestyle operation <i>HK\$'000</i>	Watch and car operation and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	8,082	2,396	10,478
Segment loss	<u>(3,858)</u>	<u>(687)</u>	<u>(4,545)</u>
Unallocated expenses			<u>(1,095)</u>
Loss before income tax			(5,640)
Income tax expense			(21)
Loss for the period			<u>(5,661)</u>
Other segmental information:			
Gain on lease modification	<u>1,421</u>	<u>291</u>	<u>1,712</u>
Subsidy from Employment Support Scheme	<u>998</u>	<u>204</u>	<u>1,202</u>
Finance costs	<u>19</u>	<u>4</u>	<u>23</u>
Depreciation of property, plant and equipment	<u>71</u>	<u>11</u>	<u>82</u>

(Unaudited)
Three months ended 30th June 2019

Media Business

Hong Kong and Taiwan

	Entertainment and lifestyle operation <i>HK\$'000</i>	Watch and car operation and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	14,381	3,727	18,108
Segment loss	(1,948)	(777)	(2,725)
Unallocated expenses			(1,018)
Loss before income tax			(3,743)
Income tax expense			(37)
Loss for the period			(3,780)
Other segmental information:			
Interest income	50	-	50
Finance costs	47	10	57
Depreciation of property, plant and equipment	165	16	181
Amortisation of intangible assets	65	3	68

3 OTHER INCOME

	(Unaudited)	
	Three months ended 30th June	
	2020	2019
	HK\$'000	HK\$'000
Other media business income	331	322
Bank interest income	-	50
Gain on lease modification (<i>note 1</i>)	1,712	-
Subsidy from Employment Support Scheme (<i>note 2</i>)	1,202	-
	<u>3,245</u>	<u>372</u>

Note:

- 1) A gain on lease modification of approximately HK\$1,712,000 was recognised according to IFRS 16 as a result of the reduction of rental payable to a fellow subsidiary of the Company with effect on 1st April 2020.
- 2) This represents the receivable for subsidy from Hong Kong Government's Employment Support Scheme ("ESS") for June 2020. In August 2020, the Group received the first phase of subsidy of HK\$3,605,000 from ESS which was the wage subsidy for the period from 1st June to 31st August 2020.

4 OPERATING LOSS

Operating loss is stated after charging the following:

	(Unaudited)	
	Three months ended 30th June	
	2020	2019
	HK\$'000	HK\$'000
Paper consumed	51	122
Depreciation of property, plant and equipment	82	181
Depreciation of right-of-use assets	-	552
Amortisation of intangible assets	-	68
Employee benefit expense (including directors' emoluments)	12,262	12,082
Expense relating to short-term lease	160	97
	<u>160</u>	<u>97</u>

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the period.

	(Unaudited)	
	Three months ended 30th June	
	2020	2019
	HK\$'000	HK\$'000
Current income tax		
- Hong Kong profits tax	21	37
	<u>21</u>	<u>37</u>

6 LOSS PER SHARE

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)	
	Three months ended 30th June	
	2020	2019
	HK\$'000	HK\$'000
Loss attributable to owners of the Company	<u>(5,661)</u>	<u>(3,780)</u>
Number of ordinary shares in issue (in thousands)	<u>400,900</u>	<u>400,900</u>
Basic and diluted loss per share (HK cents per share)	<u>(1.4)</u>	<u>(0.9)</u>

The diluted loss per share was the same as the basic loss per share as there was no dilutive potential share in issue for the three months ended 30th June 2020 and 2019.

7 DIVIDENDS

No dividend has been declared by the Directors during the three months ended 30th June 2020 (2019: Nil).

8 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Classification of financial asset at fair value through other comprehensive income

These comprise listed equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Equity investment at fair value through other comprehensive income

	(Unaudited)	(Audited)
	30th June	31st March
	2020	2020
	HK\$'000	HK\$'000
Trading securities - listed securities		
At the beginning of the period/year	9,821	23,895
Fair value gain/(loss) recognised in other comprehensive income	<u>1,114</u>	<u>(14,074)</u>
At the end of the period/year	<u>10,935</u>	<u>9,821</u>

Set out below is the detail of the equity investment:

Name of equity investment	Place of incorporation	Effective equity interest	
		30th June	31st March
		2020	2020
Most Kwai Chung Limited ("Most Kwai Chung")	Cayman Island	7.5%	7.5%

Note:

As at 30th June 2020, the Group held 20,250,000 ordinary shares (31st March 2020: 20,250,000 ordinary shares) of Most Kwai Chung. Dividends from these ordinary shares were Nil during the period (31st March 2020: HK\$1,053,000). Most Kwai Chung principally engaged in the provision of integrated advertising and media services to the customers. The fair value of these ordinary shares was HK\$10,935,000 as at 30th June 2020 (31st March 2020: HK\$9,821,000) and it was approximately 38% (31st March 2020: 33%) of the total assets of the Group.

The aggregate costs of investment in Most Kwai Chung was HK\$1,757,000 which was recorded as interest in associates before the listing of shares of Most Kwai Chung on the Main Board of The Stock Exchange of Hong Kong Limited on 28th March 2018 (the “Listing”). The carrying value of the investment in Most Kwai Chung was HK\$2,983,000 immediate before the Listing. The investment in Most Kwai Chung is not held for trading. The Group considers this investment as a strategic investment and will review its investment strategy regularly in response to the changes in market situation.

9 LOAN FROM A FELLOW SUBSIDIARY

The Company has obtained a facility from its fellow subsidiary of HK\$25,000,000 at the rate of 1.6% per annum over Hong Kong Inter-bank Offer Rate. On 24th June 2020, the Company has drawn down HK\$5,000,000 from the facility.

10 CONTINGENT LIABILITIES

As at 30th June 2020, the Group did not have any material contingent liabilities or guarantees (2019: Nil).

11 EVENT AFTER THE REPORTING PERIOD

The Group disposed on-market of a total 8,250,000 ordinary shares of Most Kwai Chung (the “Disposal”) in a series of transactions conducted on 11th August and 12th August 2020 for an aggregate gross sale proceeds of approximately HK\$12,356,000 (excluding transaction costs). The Group is expecting to recognise a gain of approximately HK\$8.3 million from the Disposal which will be recognised as other comprehensive income for the year ending 31st March 2021. Following the completion of the Disposal, the Group holds 12,000,000 ordinary shares of Most Kwai Chung.

12 REVIEW OF OPERATION

During the quarter under review, the Group’s turnover was HK\$10,478,000 (2019: HK\$18,108,000), representing a decrease of around 42% as compared with the same quarter of last financial year. This steep decline in turnover was mainly due to the shrinking economy in Hong Kong caused by the coronavirus pandemic since the beginning of 2020. Although the Group recognised a one-off gain on lease modification of HK\$1,712,000 and received a subsidy from Hong Kong Government’s Employment Support Scheme of HK\$1,202,000 for June 2020 in this quarter, the Group still recorded a loss of HK\$5,661,000 compared to the loss of HK\$3,780,000 for the same quarter of last financial year. The business outlook is likely to remain challenging for the year.

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

Hong Kong, 28th August 2020

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.