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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 2015

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 three months ended 30th June 2015, together with the comparative unaudited consolidated figures for the corresponding period in 2014 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS ENDED 30TH JUNE 2015

		(Unaudited)	
		Three months ended 30th June	
		2015	2014
	Note	HK\$'000	HK\$'000
Turnover	2	36,739	44,826
Cost of goods sold		<u>(17,966)</u>	<u>(21,536)</u>
Gross profit		18,773	23,290
Other income		1,037	2,215
Selling and distribution expenses		(9,034)	(8,957)
Administrative expenses		<u>(8,364)</u>	<u>(10,571)</u>
Operating profit		2,412	5,977
Share of loss of joint ventures and associates	4	<u>(223)</u>	<u>(449)</u>
Profit before income tax		2,189	5,528
Income tax expense	8	<u>(567)</u>	<u>(1,489)</u>
Profit for the period		<u>1,622</u>	<u>4,039</u>
Profit attributable to:			
- Owners of the Company		1,730	4,039
- Non-controlling interests		<u>(108)</u>	<u>-</u>
		<u>1,622</u>	<u>4,039</u>
Earnings per share attributable to owners of the Company during the period (expressed in HK cent per share)			
- Basic and diluted	9	<u>0.43</u>	<u>1.01</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2015

		(Unaudited) 30th June 2015 HK\$'000	(Audited) 31st March 2015 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		3,264	3,699
Intangible assets	3	68,312	68,986
Interests in joint ventures and associates	4	5,948	6,172
Deferred income tax assets		3,162	3,149
Total non-current assets		80,686	82,006
Current assets			
Inventories		5,460	7,158
Trade and other receivables		47,581	48,650
Amounts due from fellow subsidiaries		373	294
Income tax recoverable		2,666	3,257
Cash and cash equivalents		58,511	130,099
Total current assets		114,591	189,458
Total assets		195,277	271,464
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	6	401	400
Share premium	6	457,126	456,073
Other reserves		(324,086)	(324,181)
Retained earnings			
- Proposed final dividends	10	4,009	4,000
- Others		32,816	31,203
Total equity		170,266	167,495
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		135	195
Long service payment obligations		50	50
Total non-current liabilities		185	245
Current liabilities			
Trade and other payables		23,421	26,940
Amounts due to fellow subsidiaries		1,250	1,158
Convertible bond held by a fellow subsidiary	5	-	75,508
Income tax liabilities		155	118
Total current liabilities		24,826	103,724
Total liabilities		25,011	103,969
Total equity and liabilities		195,277	271,464
Net current assets		89,765	85,734
Total assets less current liabilities		170,451	167,740

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 2015 is unaudited and has been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 2015.

(b) *Accounting policies*

The accounting policies adopted for preparing this consolidated Financial Information for the three months ended 30th June 2015 are consistent with those set out in the consolidated financial statements of the Company for the year ended 31st March 2015 as included in the Company’s annual report for the year ended 31st March 2015.

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

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 adopted new or revised standards and amendments to standards that have been issued but are not yet applicable 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.

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 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 three months ended 30th June 2015 and 2014 are as follows:

	(Unaudited)					
	Three months ended 30th June					
	Media business					
	Hong Kong		Mainland China		Total	
	2015	2014	2015	2014	2015	2014
	<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	31,728	38,345	5,011	6,481	36,739	44,826
Segment profit/(loss) before income tax	4,597	11,246	(172)	(2,583)	4,425	8,663
Unallocated expenses					(2,013)	(2,686)
Operating profit					2,412	5,977
Share of loss of joint ventures (“JVs”) and associates					(223)	(449)
Profit before income tax					2,189	5,528
Income tax expense	(564)	(1,489)	(3)	-	(567)	(1,489)
Profit for the period					1,622	4,039
Other information:						
Interest income	312	369	70	79	382	448
Depreciation of property, plant and equipment	410	402	89	101	499	503
Amortisation of intangible assets	684	678	-	5	684	683

3 INTANGIBLE ASSETS

	Group			
	Computer softwares HK\$'000	Goodwill HK\$'000	Trademarks HK\$'000	Total HK\$'000
At 1st April 2014				
Cost	1,158	2,695	75,600	79,453
Accumulated amortisation	(542)	-	(4,620)	(5,162)
Net book amount	<u>616</u>	<u>2,695</u>	<u>70,980</u>	<u>74,291</u>
Year ended 31st March 2015				
Opening net book amount	616	2,695	70,980	74,291
Additions	124	-	-	124
Impairment charges	-	(2,725)	-	(2,725)
Amortisation expenses	(214)	-	(2,520)	(2,734)
Currency translation differences	-	30	-	30
Closing net book amount	<u>526</u>	<u>-</u>	<u>68,460</u>	<u>68,986</u>
At 31st March 2015				
Cost	1,283	-	75,600	76,883
Accumulated amortisation	(757)	-	(7,140)	(7,897)
Net book amount	<u>526</u>	<u>-</u>	<u>68,460</u>	<u>68,986</u>
Period ended 30th June 2015				
Opening net book amount	526	-	68,460	68,986
Additions	10	-	-	10
Amortisation expenses	(54)	-	(630)	(684)
Closing net book amount	<u>482</u>	<u>-</u>	<u>67,830</u>	<u>68,312</u>
At 30th June 2015				
Cost	1,293	-	75,600	76,893
Accumulated amortisation	(811)	-	(7,770)	(8,581)
Net book amount	<u>482</u>	<u>-</u>	<u>67,830</u>	<u>68,312</u>

4 INTERESTS IN JOINT VENTURES AND ASSOCIATES

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

	<u>ByRead Inc.</u>		<u>Others</u>		<u>Total</u>	
	(Unaudited) 30th June 2015 <i>HK\$'000</i>	(Audited) 31st March 2015 <i>HK\$'000</i>	(Unaudited) 30th June 2015 <i>HK\$'000</i>	(Audited) 31st March 2015 <i>HK\$'000</i>	(Unaudited) 30th June 2015 <i>HK\$'000</i>	(Audited) 31st March 2015 <i>HK\$'000</i>
Interests in associates, at costs	25,800	25,800	1,757	1,757	27,557	27,557
Share of profit/(loss) and other adjustments for the years	(2,333)	(2,333)	1,821	1,424	(512)	(909)
Allowance for impairment	(23,467)	(23,467)	-	-	(23,467)	(23,467)
Interests in associates, net (Note (a))	<u>-</u>	<u>-</u>	<u>3,578</u>	<u>3,181</u>	<u>3,578</u>	<u>3,181</u>
				(Unaudited) 30th June 2015 <i>HK\$'000</i>	(Audited) 31st March 2015 <i>HK\$'000</i>	
Interests in JVs, at costs				8,000	8,000	
Share of loss for the years				(5,630)	(5,009)	
Interests in JVs, net (Note (b))				<u>2,370</u>	<u>2,991</u>	

The amounts of share of loss recognised in the consolidated income statement for the period are as follows:

	<u>(Unaudited)</u> <u>Three months ended 30th June</u>	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Associates	398	(25)
JVs	(621)	(424)
	<u>(223)</u>	<u>(449)</u>

4 INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(a) Interests in associates

Set out below are the associates of the Group :

Name of associates	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		30th June 2015	31st March 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.

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.

Key assumptions used for value-in-use calculations are around 7% for average growth rate and 9% for the discount rate. The average growth rate used is based on past performance and is consistent with the industry forecasts. The discount rate used is pre-tax and reflects specific risks relating to the relevant operation of ByRead. Based on this projection, the recoverable amount from the investment in ByRead will be less than the carrying amount of the investment, and accordingly the Group recognised an allowance for impairment of HK\$23,467,000 for the investment in ByRead during the year ended 31st March 2015.

- (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.

4 INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Interests in JVs

Set out below are the JVs of the Group :

Name of JVs	Place of incorporation	Effective equity interest		Principal activities	Measurement method
		30th June 2015	31st March 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, 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 JVs.

5 CONVERTIBLE BOND HELD BY A FELLOW SUBSIDIARY

	(Unaudited) 30th June 2015 HK\$’000	(Audited) 31st March 2015 HK\$’000
Convertible bond held by a fellow subsidiary	-	75,508

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 on 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.

6 SHARE CAPITAL AND PREMIUM

	Number of issued shares (in thousands)	Ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st March 2015	400,000	400	456,073	456,473
At 1st April 2015	400,000	400	456,073	456,473
Proceeds from shares issued under the share option scheme	878	1	1,053	1,054
At 30th June 2015	400,878	401	457,126	457,527

During the three months ended 30th June 2015, 878,000 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 closing price of the Company's shares at the time of exercise was HK\$1.58 per share.

In addition, during the period under review, options over 608,000 shares lapsed by reason of the grantees ceased to be full time employees of the Group. At 30th June 2015, the total number of outstanding options under the Pre-IPO share option scheme was options over 5,952,000 shares .

7 EXPENSES BY NATURE

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

	(Unaudited)	
	Three months ended 30th June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Paper consumed	3,072	3,620
Depreciation of property, plant and equipment	499	503
Amortisation of intangible assets	684	683
Employee benefit expense (including directors' emoluments)	15,395	16,759
Occupancy costs	1,347	1,438
Loss on disposal of property, plant and equipment	3	6

8 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 People's Republic of China ("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 three months ended 30th June 2015 and 2014.

	(Unaudited)	
	Three months ended 30th June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax		
- Current income tax	(627)	(1,535)
Deferred income tax		
- Current deferred income tax credit	60	46
	<u>(567)</u>	<u>(1,489)</u>

9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's profit 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	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to owners of the Company	<u>1,730</u>	<u>4,039</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>400,039</u>	<u>400,000</u>
Basic earnings per share (HK cent per share)	<u>0.43</u>	<u>1.01</u>

There is no dilutive effect arising from the share options granted by the Company.

10 DIVIDENDS

No dividend has been declared by the Directors during the three months ended 30th June 2015 (30th June 2014 : Nil).

The final dividend of HK1 cent per share (2014: HK3 cents), totalling HK\$4,009,000 (2014: HK\$12,000,000) for the year ended 31st March 2015 was approved by the shareholders at the annual general meeting held on 5th August 2015 and this final dividend was paid on 21st August 2015.

11 CONTINGENT LIABILITIES

As at 30th June 2015, the Group did not have any material contingent liabilities or guarantees (30th June 2014: Nil).

12 REVIEW OF OPERATION

During the quarter under review, the Group's turnover was HK\$36,739,000 (2014: HK\$44,826,000), representing a decrease of 18% from the same quarter of last financial year. The decline in turnover was due to the weak retail market of luxury products which led to advertisers cutting back their advertising and promotion spending. As a result, the Group reported a drop in profit attributable to owners to HK\$1,730,000 compared to HK\$ 4,039,000 for the same quarter of last financial year.

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

Hong Kong, 26th August 2015

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.