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万 华 媒 体 ONEMEDIAGROUP

One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

THIRD QUARTER RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31ST DECEMBER 2014

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 31st December 2014, together with the comparative unaudited consolidated figures for the corresponding period in 2013 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS ENDED 31ST DECEMBER 2014

		(Unaudited)	
		Three months ended 31st December	
		2014	2013
	Note	HK\$'000	HK\$'000
Turnover	2	57,094	67,604
Cost of goods sold		<u>(22,176)</u>	<u>(24,014)</u>
Gross profit		34,918	43,590
Other income		2,380	2,437
Selling and distribution expenses		(10,630)	(11,015)
Administrative expenses		<u>(10,780)</u>	<u>(11,662)</u>
Operating profit		15,888	23,350
Share of profit/(loss) of associates and joint ventures	4	<u>291</u>	<u>(514)</u>
Profit before income tax		16,179	22,836
Income tax expense	7	<u>(2,863)</u>	<u>(3,884)</u>
Profit for the period		<u>13,316</u>	<u>18,952</u>
Profit attributable to:			
Equity holders of the Company		<u>13,316</u>	<u>18,952</u>
Earnings per share attributable to equity holders of the Company during the period (expressed in HK cents per share)			
- Basic and diluted	8	<u>3.33</u>	<u>4.74</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2014

		(Unaudited) 31st December 2014 HK\$'000	(Audited) 31st March 2014 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		4,073	5,108
Intangible assets	3	72,401	74,291
Interests in associates and joint ventures	4	29,993	31,636
Deferred income tax assets		3,156	3,114
Total non-current assets		109,623	114,149
Current assets			
Inventories		7,863	10,018
Trade and other receivables		67,947	50,539
Amount due from fellow subsidiaries		394	365
Income tax recoverable		-	1,363
Cash and cash equivalents		123,370	123,476
Total current assets		199,574	185,761
Total assets		309,197	299,910
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		400	400
Share premium		456,073	456,073
Other reserves		(324,078)	(324,492)
Retained earnings			
- Proposed dividend		-	12,000
- Others		63,763	48,675
Total equity		196,158	192,656
LIABILITIES			
Non-current liabilities			
Convertible bond	5	-	74,024
Deferred income tax liabilities		238	335
Long service payment obligations		16	16
Total non-current liabilities		254	74,375
Current liabilities			
Trade and other payables		32,706	31,416
Amounts due to fellow subsidiaries		1,575	1,178
Convertible bond	5	74,196	-
Income tax liabilities		4,308	285
Total current liabilities		112,785	32,879
Total liabilities		113,039	107,254
Total equity and liabilities		309,197	299,910
Net current assets		86,789	152,882
Total assets less current liabilities		196,412	267,031

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 31st December 2014 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 third quarter results announcement should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31st March 2014 and the interim results announcement for the six months ended 30th September 2014.

(b) *Accounting policies*

The accounting policies adopted for preparing this consolidated financial information for the three months ended 31st December 2014 are consistent with those set out in the consolidated financial statements of the Company for the year ended 31st March 2014 as included in the Company’s annual report for the year ended 31st March 2014.

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 2014. 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 expense. 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 places and the Group’s turnover and results provided to the Executive Committee for the reporting segments for the three months ended 31st December 2014 and 2013 are as follows:

	(Unaudited)					
	Three months ended 31st December					
	Media business					
	Hong Kong		Mainland China		Total	
	2014	2013	2014	2013	2014	2013
	<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	51,859	58,385	5,235	9,219	57,094	67,604
Segment profit/(loss) before income tax	21,518	27,016	(1,886)	457	19,632	27,473
Unallocated expenses					(3,744)	(4,123)
Operating profit					15,888	23,350
Share of profit/(loss) of associates and joint ventures (“JVs”)					291	(514)
Profit before income tax					16,179	22,836
Income tax expense	(2,864)	(3,884)	1	-	(2,863)	(3,884)
Profit for the period					13,316	18,952
Other information:						
Interest income	341	299	76	76	417	375
Depreciation of property, plant and equipment	411	403	93	378	504	781
Amortisation of intangible assets	683	681	-	5	683	686

3 INTANGIBLE ASSETS

	Group			
	Computer softwares HK\$'000	Goodwill HK\$'000	Trademark HK\$'000	Total HK\$'000
Year ended 31st March 2014				
Opening net book amount	582	2,703	73,500	76,785
Additions	243	-	-	243
Amortisation expenses	(209)	-	(2,520)	(2,729)
Currency translation differences	-	(8)	-	(8)
Closing net book amount	<u>616</u>	<u>2,695</u>	<u>70,980</u>	<u>74,291</u>
At 31st March 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>
Period ended 31st December 2014				
Opening net book amount	616	2,695	70,980	74,291
Additions	124	-	-	124
Amortisation expenses	(160)	-	(1,890)	(2,050)
Currency translation differences	-	36	-	36
Closing net book amount	<u>580</u>	<u>2,731</u>	<u>69,090</u>	<u>72,401</u>
At 31st December 2014				
Cost	1,283	2,731	75,600	79,614
Accumulated amortisation	(703)	-	(6,510)	(7,213)
Net book amount	<u>580</u>	<u>2,731</u>	<u>69,090</u>	<u>72,401</u>

4 INTERESTS IN ASSOCIATES AND JOINT VENTURES

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

	(Unaudited) 31st December 2014 <i>HK\$'000</i>	(Audited) 31st March 2014 <i>HK\$'000</i>
Interests in associates	26,488	27,313
Interests in JVs	3,505	4,323
	<u>29,993</u>	<u>31,636</u>

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

	(Unaudited) Three months ended 31st December 2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Associates	130	72
JVs	161	(586)
	<u>291</u>	<u>(514)</u>

(a) Interests in associates

Set out below are the associates of the Group as at 31st December 2014:

Name of associates	Place of incorporation	Effective equity interest	Principal activities	Measurement method
ByRead Inc. (“ByRead”)	The Cayman Islands	24.97%	Note (i)	Equity
Blackpaper Limited (“Blackpaper”)	Hong Kong	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.
- (ii) Blackpaper is engaged in providing creative multimedia services and advertising campaigns.

4 INTERESTS IN ASSOCIATES AND JOINT VENTURES

(a) Interests in associates (Continued)

(iii) ByRead and Blackpaper 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 associates.

(iv) Pursuant to a share transfer agreement on 1st December 2014, the Group disposed of its 10% equity interest of Guangzhou Tangde Advertising Company Limited ("Tangde") at a consideration of RMB700,000. As a result of the disposal, the Group recognised gain on disposal and recorded as sundry income. The Group discontinued the use of equity method of accounting from the date when significance influence was lost. The effect of changes in the ownership interest of Tangde during the period is summarised as follows:

	(Unaudited)	
	Three months ended 31st December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount of interest in an associate disposed of	(889)	-
Consideration received	891	-
Gain on disposal of interest in an associate	2	-

(b) Interests in JVs

Set out below are the JVs of the Group as at 31st December 2014:

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

(i) Chu Kong is an investment holding company and the principal activities of its wholly-owned subsidiary, Connect Media include but not limited to video programs, posters, seat covers, magazine racks, magazines, hull advertising, light box advertisement and e-commerce at the transportation vehicles and also their terminals.

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

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

5 CONVERTIBLE BOND

	(Unaudited) 31st December 2014 <i>HK\$'000</i>	(Audited) 31st March 2014 <i>HK\$'000</i>
Convertible bond	<u><u>74,196</u></u>	<u><u>74,024</u></u>

The Company issued 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 will be on 31st May 2015, the third anniversary of the date of the issue. The holder has the right to convert in whole or part of the principal amount of the bond into shares at a conversion price of HK\$0.9 per conversion share at any time following the issue of the convertible bond and up to the close of business on the maturity date. The values of the liability component and the equity conversion component were determined at issuance of the convertible bond.

The fair value of the liability component was calculated using a discounted cash flow approach and is within level 3 of the fair value hierarchy. The equity component is recognised initially as the difference between the net proceeds from the bond and the fair value of the liability component and is included in other reserves in equity.

Movements on the liability component of the convertible bond are as follows:

	<i>HK\$'000</i>
For the year ended 31st March 2014	
Liability component at 1st April 2013	72,474
Coupon interest	(756)
Change in fair value of the liability component of the convertible bond	<u>2,306</u>
Liability component at 31st March 2014	<u><u>74,024</u></u>
For the period ended 31st December 2014	
Liability component at 1st April 2014	74,024
Coupon interest	(570)
Change in fair value of the liability component of the convertible bond	<u>742</u>
Liability component at 31st December 2014	<u><u>74,196</u></u>

6 EXPENSES BY NATURE

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

	(Unaudited)	
	Three months ended 31st December	
	2014	2013
	HK\$'000	HK\$'000
Paper consumed	3,961	4,930
Depreciation of property, plant and equipment	504	781
Amortisation of intangible assets	683	686
Employee benefit expense (including directors' emoluments)	17,555	18,772
Occupancy costs	1,372	1,658
Loss on disposal of property, plant and equipment	27	70
Gain on disposal of interest in an associate	(2)	-

7 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% (2013: 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 31st December 2014 and 2013.

	(Unaudited)	
	Three months ended 31st December	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong profits tax		
- Current income tax	2,898	3,869
Deferred income tax		
- Current deferred income tax (credit)/ charge	(35)	15
	2,863	3,884

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's profit attributable to equity holders of the Company by the number of ordinary shares in issue during the period.

	(Unaudited)	
	Three months ended 31st December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity holders of the Company	13,316	18,952
Number of ordinary shares in issue (in thousands)	400,000	400,000
Basic earnings per share (HK cents per share)	3.33	4.74

There is no dilutive effect arising from the assumed conversion of the convertible bond and share options granted by the Company.

9 DIVIDENDS

No dividend has been declared by the Directors during the three months ended 31st December 2014 (2013: Nil).

The Director have declared an interim dividend of HK0.6 cent (2013: HK1.5 cents) per ordinary share, totaling HK\$2,400,000 (2013: HK\$6,000,000) which was paid on 31st December 2014.

10 CONTINGENT LIABILITIES

As at 31st December 2014, the Group did not have any material contingent liabilities or guarantees (31st March 2014: Nil).

11 REVIEW OF OPERATION

During the quarter under review, the Group's consolidated turnover was HK\$57,094,000 (2013: HK\$67,604,000), representing a decrease of 16% from the same quarter of last financial year and the operating profit reduced to HK\$15,888,000 as compared to HK\$23,350,000 for the corresponding period in 2013. In the last quarter, the retail market of luxury products was weak due to the impact of strengthened control of government spending in Mainland China and Occupy Central in Hong Kong. Advertisers in general have therefore tightened their advertising and promotion spendings.

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

Hong Kong, 26th February 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.