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ONEMEDIAGROUP

One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

FOURTH QUARTER RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31ST MARCH 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 31st March 2015, together with the comparative unaudited consolidated figures for the corresponding period in 2014 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS ENDED 31ST MARCH 2015

		(Unaudited)	
		Three months ended 31st March	
		2015	2014
	Note	HK\$'000	HK\$'000
Turnover	2	34,443	40,485
Cost of goods sold		<u>(18,954)</u>	<u>(21,217)</u>
Gross profit		15,489	19,268
Other income		1,656	2,237
Selling and distribution expenses		(8,375)	(8,485)
Administrative expenses		(8,582)	(10,136)
Impairment loss of goodwill		<u>(2,725)</u>	<u>-</u>
Operating (loss)/profit		(2,537)	2,884
Change in fair value of convertible bond		(1,498)	(984)
Share of loss of joint ventures and associates	4	(355)	(934)
Allowance for impairment of interest in an associate		<u>(23,467)</u>	<u>-</u>
(Loss)/profit before income tax		(27,857)	966
Income tax expense	7	<u>(703)</u>	<u>(1,444)</u>
Loss for the period		<u>(28,560)</u>	<u>(478)</u>
Loss attributable to:			
Equity holders of the Company		<u>(28,560)</u>	<u>(478)</u>
Loss per share attributable to equity holders of the Company during the period (expressed in HK cent per share)			
- Basic and diluted	8	<u>(7.14)</u>	<u>(0.12)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2015

		(Unaudited) 31st March 2015 HK\$'000	(Audited) 31st March 2014 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		3,699	5,108
Intangible assets	3	68,986	74,291
Interests in joint ventures and associates	4	6,172	31,636
Deferred income tax assets		3,149	3,114
Total non-current assets		82,006	114,149
Current assets			
Inventories		7,158	10,018
Trade and other receivables		48,650	50,539
Amounts due from fellow subsidiaries		294	365
Income tax recoverable		3,257	1,363
Cash and cash equivalents		130,099	123,476
Total current assets		189,458	185,761
Total assets		271,464	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		(324,181)	(324,492)
Retained earnings			
- Proposed final dividends	9	4,000	12,000
- Others		31,203	48,675
Total equity		167,495	192,656
LIABILITIES			
Non-current liabilities			
Convertible bond held by a fellow subsidiary	5	-	74,024
Deferred income tax liabilities		195	335
Long service payment obligations		50	16
Total non-current liabilities		245	74,375
Current liabilities			
Trade and other payables		26,940	31,416
Amounts due to fellow subsidiaries		1,158	1,178
Convertible bond held by a fellow subsidiary	5	75,508	-
Income tax liabilities		118	285
Total current liabilities		103,724	32,879
Total liabilities		103,969	107,254
Total equity and liabilities		271,464	299,910
Net current assets		85,734	152,882
Total assets less current liabilities		167,740	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 March 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 fourth 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, the interim results announcement for the six months ended 30th September 2014 and the third quarter results announcement for the three months ended 31st December 2014.

(b) *Accounting policies*

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

(i) **New and amended standards adopted by the Group**

- (a) Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group’s Financial Information.
- (b) Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment did not have a significant effect on the Group’s Financial Information.

NOTES

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(b) Accounting policies (Continued)

(i) New and amended standards adopted by the Group (Continued)

- (c) Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. As the Group has applied the amendment and there has been no significant impact on the Group's Financial Information as a result.
- (d) IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other than as disclosed above, there are no IFRSs or International Financial Reporting Interpretations Committee ("IFRIC") interpretations that are effective for the first time for the financial year beginning on 1st April 2014 that have a material impact on the Group.

(ii) New accounting standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1st April 2014, and have not been applied in preparing this consolidated Financial Information.

		Effective for annual period beginning on or after
Amendment to IAS 19	Defined Benefit Plans: Employee Contributions	1st July 2014
IFRS 14	Regulatory Deferral Accounts	1st January 2016
Amendment to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
Amendment to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1st January 2016
Amendment to IAS 27	Equity Method in Separate Financial Statements	1st January 2016
IFRS 15	Revenue from Contracts with Customers	1st January 2017
IFRS 9	Financial Instruments	1st January 2018

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

NOTES

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(c) *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation as from the Company's first financial year commencing on or after 3rd March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the Financial Information in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). Management has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the Financial Information will be affected.

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 places and the Group's turnover and results provided to the Executive Committee for the reporting segments for the three months ended 31st March 2015 and 2014 are as follows:

NOTES

2 SEGMENT INFORMATION (Continued)

	(Unaudited)					
	Three months ended 31st March					
	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	33,474	38,687	969	1,798	34,443	40,485
Segment profit/(loss) before income tax	5,020	11,932	(6,021)	(5,503)	(1,001)	6,429
Unallocated expenses					(1,536)	(3,545)
Operating (loss)/profit					(2,537)	2,884
Change in fair value of convertible bond					(1,498)	(984)
Share of loss of joint ventures (“JVs”) and associates					(355)	(934)
Allowance for impairment of interest in an associate					(23,467)	-
(Loss)/profit before income tax					(27,857)	966
Income tax expense	(696)	(1,416)	(7)	(28)	(703)	(1,444)
Loss for the period					(28,560)	(478)
Other information:						
Interest income	432	307	77	79	509	386
Impairment loss of goodwill	-	-	2,725	-	2,725	-
Depreciation of property, plant and equipment	417	404	91	115	508	519
Amortisation of intangible assets	684	678	-	5	684	683

NOTES

3 INTANGIBLE ASSETS

	Group			
	Computer softwares HK\$'000	Goodwill HK\$'000	Trademarks HK\$'000	Total HK\$'000
At 1st April 2013				
Cost	950	2,703	75,600	79,253
Accumulated amortisation	(368)	-	(2,100)	(2,468)
Net book amount	<u>582</u>	<u>2,703</u>	<u>73,500</u>	<u>76,785</u>
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 March 2015				
Opening net book amount	616	2,695	70,980	74,291
Additions	124	-	-	124
Impairment charge	-	(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>

NOTES

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)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	31st March	31st March	31st March	31st March	31st March	31st March
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interests in associates, at costs	25,800	25,800	1,757	2,645	27,557	28,445
Share of (loss)/profit and other adjustments for the years	(2,333)	(1,783)	1,424	651	(909)	(1,132)
Allowance for impairment	(23,467)	-	-	-	(23,467)	-
Interests in associates, net(Note (a))	-	24,017	3,181	3,296	3,181	27,313
					(Unaudited)	(Audited)
					31st March	31st March
					2015	2014
					HK\$'000	HK\$'000
Interests in joint ventures, at costs					8,000	8,000
Share of loss for the years					(5,009)	(3,677)
Interests in joint ventures, net (Note (b))					2,991	4,323

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

	(Unaudited)	
	Three months ended 31st March	
	2015	2014
	HK\$'000	HK\$'000
Associates	159	231
JVs	(514)	703
	(355)	934

NOTES

4 INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(a) Interests in associates

Set out below are the associates of the Group as at 31st March 2015:

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.

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 the company. 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.

- (iii) Pursuant to a share transfer agreement on 1st December 2014, the Group disposed of its 10% equity interest in an associate, Guangzhou Tangde Advertising Company Limited (“Tangde”) for a consideration of RMB700,000 (equivalent to HK\$891,000). As a result of the disposal, the Group recognised a gain on disposal of HK\$3,000 and recorded it as sundry income.

NOTES

4 INTERESTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Interests in JVs

Set out below are the JVs of the Group as at 31st March 2015:

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 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) 31st March 2015 HK\$’000	(Audited) 31st March 2014 HK\$’000
Convertible bond held by a fellow subsidiary	<u>75,508</u>	<u>74,024</u>

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 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 key unobservable input of valuation is the discount rate adopted of approximately 4% which is based on market interest rate for an equivalent non-convertible bond. 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.

NOTES

5 CONVERTIBLE BOND HELD BY A FELLOW SUBSIDIARY (Continued)

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	2,306
Liability component at 31st March 2014	74,024
For the period ended 31st March 2015	
Liability component at 1st April 2014	74,024
Coupon interest	(756)
Change in fair value of the liability component of the convertible bond	2,240
Liability component at 31st March 2015	75,508

6 EXPENSES BY NATURE

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

	(Unaudited)	
	Three months ended 31st March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Paper consumed	3,261	3,855
Depreciation of property, plant and equipment	508	519
Amortisation of intangible assets	684	683
Employee benefit expense (including directors' emoluments)	15,938	17,731
Occupancy costs	1,370	1,361
Loss on disposal of property, plant and equipment	123	16

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% (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 31st March 2015 and 2014.

NOTES

7 INCOME TAX EXPENSE (Continued)

	(Unaudited)	
	Three months ended 31st March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax		
- Current income tax	(766)	(1,463)
- Over provision in prior year	20	20
Deferred income tax		
- Current deferred income tax credit/(charge)	43	(1)
	<u>(703)</u>	<u>(1,444)</u>

8 LOSS PER SHARE

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

	(Unaudited)	
	Three months ended 31st March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss attributable to equity holders of the Company	<u>(28,560)</u>	<u>(478)</u>
Number of ordinary shares in issue (in thousands)	<u>400,000</u>	<u>400,000</u>
Basic loss per share (HK cent per share)	<u>(7.14)</u>	<u>(0.12)</u>

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

NOTES

9 DIVIDENDS

No dividend has been declared by the Directors during the three months ended 31st March 2015 (31st March 2014 : Nil).

Dividends paid during the year:

	(Unaudited)	
	Three months ended 31st March	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend, 2015, HK0.6 cent (2014: HK1.5 cents) per ordinary share	2,400	6,000
Final dividend, 2014, HK3 cents (2013: HK3.5 cents) per ordinary share	12,000	14,000
	14,400	20,000

On 28th May 2015, the Board of Directors proposed a final dividend of HK1 cent per share, totalling HK\$4,000,000. Such dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 5th August 2015. Upon approval by the shareholders of the Company, this final dividend will be paid on 21st August 2015 to shareholders whose names appear on the register of members of the Company at the close of the business on 14th August 2015. This Financial Information does not reflect this dividend payable but accounted for it as proposed dividends.

10 CONTINGENT LIABILITIES

As at 31st March 2015, the Group did not have any material contingent liabilities or guarantees (31st March 2014: Nil).

NOTES

11 REVIEW OF OPERATION

During the quarter under review, the Group's turnover was HK\$34,443,000 (2014: HK\$40,485,000), representing a decrease of 15% from the same quarter of last financial year. The drop of turnover was due to the setback of the retail market of luxury products and advertisers in general tightened their advertising and promotion spending. Adding to this difficult market conditions, the Group has made allowance for impairment on its interest in an associate and goodwill impairment loss arising from the acquisition of the Group's subsidiaries in Mainland China in 2004 of HK\$23,467,000 and HK\$2,725,000 respectively. As a result, the Group reported a loss attributable to equity holders of HK\$28,560,000 (2014: HK\$478,000) for this quarter.

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

Hong Kong, 28th May 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.