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萬 華 媒 體
ONEMEDIAGROUP
One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

SECOND QUARTER RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 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 September 2020, together with the comparative figures for the corresponding period in 2019 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 2020

		(Unaudited)	
		Three months ended 30th September	
		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	10,299	19,682
Cost of goods sold		<u>(11,064)</u>	<u>(15,759)</u>
Gross (loss)/profit		(765)	3,923
Other income	3	4,783	413
Selling and distribution expenses		(3,109)	(4,074)
Administrative expenses		<u>(4,757)</u>	<u>(5,207)</u>
Operating loss		(3,848)	(4,945)
Finance costs		<u>(58)</u>	<u>(52)</u>
Loss before income tax		(3,906)	(4,997)
Income tax expense	5	<u>(19)</u>	<u>(37)</u>
Loss for the period		<u>(3,925)</u>	<u>(5,034)</u>
Loss attributable to:			
- Owners of the Company		(3,925)	(5,034)
- Non-controlling interests		<u>-</u>	<u>-</u>
		<u>(3,925)</u>	<u>(5,034)</u>
Loss per share attributable to owners of the Company during the period (expressed in HK cents per share)			
- Basic and diluted	6	<u>(0.98)</u>	<u>(1.26)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2020

		(Unaudited) 30th September 2020 HK\$'000	(Audited) 31st March 2020 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		560	679
Intangible assets		-	-
Right-of-use assets		-	-
Financial asset at fair value through other comprehensive income	8	6,600	9,821
Investments accounted for using equity method		250	-
Total non-current assets		<u>7,410</u>	<u>10,500</u>
Current assets			
Inventories		248	379
Trade and other receivables		9,209	8,673
Cash and cash equivalents		22,169	9,976
Total current assets		<u>31,626</u>	<u>19,028</u>
Total assets		<u>39,036</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		(332,348)	(338,955)
Accumulated losses		(113,098)	(105,935)
Total equity		<u>12,498</u>	<u>13,054</u>
LIABILITIES			
Non-current liabilities			
Long service payment obligations		137	137
Lease liabilities		713	2,285
Loan from a fellow subsidiary	9	10,000	-
Total non-current liabilities		<u>10,850</u>	<u>2,422</u>
Current liabilities			
Trade and other payables		7,900	8,567
Contract liabilities		4,055	2,263
Amounts due to fellow subsidiaries		759	976
Lease liabilities		1,389	2,205
Income tax payables		81	41
Bank borrowings		1,504	-
Total current liabilities		<u>15,688</u>	<u>14,052</u>
Total liabilities		<u>26,538</u>	<u>16,474</u>
Total equity and liabilities		<u>39,036</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 September 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 second 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 and the interim results announcement for the six months ended 30th September 2020.

(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 and amended accounting standards that have been published but are not mandatory for 31st March 2021 reporting periods. These new and amended standards 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 September 2020 and 2019 are as follows:

	(Unaudited)		
	Three months ended 30th September 2020		
	<u>Media Business</u>		
	Hong Kong and Taiwan		
	Entertainment and lifestyle operation	Watch and car operation and others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	7,915	2,384	10,299
Segment loss	(1,573)	(999)	(2,572)
Unallocated expenses			(1,334)
Loss before income tax			(3,906)
Income tax expense			(19)
Loss for the period			(3,925)
Other segmental information:			
Interest income	5	-	5
Government subsidies under Employment Support Scheme	2,992	613	3,605
Finance costs	(50)	(8)	(58)
Depreciation of property, plant and equipment	(66)	(12)	(78)
Amortisation of intangible assets	-	-	-
Depreciation of right-of-use assets	-	-	-

(Unaudited)
Three months ended 30th September 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	15,758	3,924	19,682
Segment loss	(2,962)	(915)	(3,877)
Unallocated expenses			(1,120)
Loss before income tax			(4,997)
Income tax expense			(37)
Loss for the period			(5,034)
Other segmental information:			
Interest income	50	-	50
Finance costs	(44)	(8)	(52)
Depreciation of property, plant and equipment	(153)	(17)	(170)
Amortisation of intangible assets	(61)	(2)	(63)
Depreciation of right-of-use assets	(551)	-	(551)

3 OTHER INCOME

	(Unaudited)	
	Three months ended 30th September	
	2020	2019
	HK\$'000	HK\$'000
Bank interest income	5	50
Other media business income	961	363
Government subsidies under Employment Support Scheme	3,605	-
Others	212	-
	<u>4,783</u>	<u>413</u>

4 OPERATING LOSS

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

	(Unaudited)	
	Three months ended 30th September	
	2020	2019
	HK\$'000	HK\$'000
Paper consumed	76	82
Depreciation of property, plant and equipment	78	170
Depreciation of right-of-use assets	-	551
Amortisation of intangible assets	-	63
Employee benefit expense (including directors' emoluments)	11,970	12,927
Expenses relating to short-term leases	78	111
	<u>12,202</u>	<u>14,804</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 September	
	2020	2019
	HK\$'000	HK\$'000
Current income tax		
- Hong Kong profits tax	19	37
	<u>19</u>	<u>37</u>

6 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)	
	Three months ended 30th September	
	2020	2019
	HK\$'000	HK\$'000
Weighted average number of ordinary shares in issue (in thousands)	400,900	400,900
Loss attributable to owners of the Company	<u>(3,925)</u>	<u>(5,034)</u>
Basic and diluted loss per share (HK cents per share)	<u>(0.98)</u>	<u>(1.26)</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 September 2020 and 2019.

7 DIVIDENDS

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

8 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	(Unaudited) 30th September 2020 HK\$'000	(Audited) 31st March 2020 HK\$'000
Trading securities - listed securities		
At the beginning of the period/year	9,821	23,895
Disposal (<i>Note</i>)	(12,323)	-
Fair value gain/(loss) recognised in other comprehensive income	9,102	(14,074)
At the end of the period/year	<u>6,600</u>	<u>9,821</u>

Note:

During the period ended 30th September 2020, the Group has sold some of the securities at total fair value of approximately HK\$12.3 million. At the time of disposal, the Group recognised positive fair value change of approximately HK\$8.3 million, which was calculated on the basis of the difference between the aggregate gross sales proceeds and the carrying amount of the securities as at 31st March 2020. This positive fair value change for disposed securities together with the fair value change for the unsold securities were included in the fair value gain recognised in other comprehensive income amounted to approximately HK\$9.1 million. Approximately HK\$2.4 million from fair value through other comprehensive income reserve was transferred to accumulated losses in the consolidated statement of changes in equity. Details are set out in the note 11.

At 30th September 2020 and 31st March 2020, the fair value was determined based on the share price of the listed securities.

9 LOAN FROM A FELLOW SUBSIDIARY

The loan from a fellow subsidiary is unsecured, not repayable before 31st December 2022 and carries at interest rate at 1.6% over Hong Kong Inter-bank Offer Rate per annum.

As at 30th September 2020, the Group has obtained a facility from a fellow subsidiary of HK\$25 million (31st March 2020: HK\$25 million) consisting of used facility of HK\$10 million (31st March 2020: nil) and unused facility of HK\$15 million (31st March 2020: HK\$25 million).

10 CONTINGENT LIABILITIES

As at 30th September 2020, the Group did not have any material contingent liabilities or guarantees (31st March 2020: nil).

11 SIGNIFICANT INVESTMENT

The Group disposed on-market of a total 8,250,000 ordinary shares of Most Kwai Chung Limited (“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\$12.3 million. The Group recognised a fair value gain of approximately HK\$8.3 million from the Disposal which was calculated on the basis of the difference between the aggregate gross sales proceeds and the carrying value of the Disposal as at 31st March 2020. This fair value gain for the Disposal together with the fair value change for unsold securities were included in the fair value gain recognised as other comprehensive income for the three months ended 30th September 2020. Following the completion of the Disposal, the number of ordinary shares of Most Kwai Chung held by the Group reduced to 12,000,000 ordinary shares from 20,250,000 ordinary shares.

As at 30th September 2020, the Group held 12,000,000 ordinary shares (31st March 2020: 20,250,000 ordinary shares) of Most Kwai Chung, representing 4.4% (31st March 2020: 7.5%) equity interests in Most Kwai Chung. Dividend received from these ordinary shares was nil during the period (2019: nil). Most Kwai Chung, a Cayman Islands incorporated company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code : 1716), is principally engaged in the provision of integrated advertising and media services to the customers. The fair value of these ordinary shares was HK\$6,600,000 as at 30th September 2020 (31st March 2020: HK\$9,821,000) and it was approximately 17% (31st March 2020: 33%) of the total assets of the Group.

The aggregate original costs of investment in Most Kwai Chung in respect of 12,000,000 ordinary shares of Most Kwai Chung was HK\$1,041,000 (HK\$1,757,000 in respect of 20,250,000 ordinary shares of Most Kwai Chung) which was treated as interest in associates in the Group’s financial statements 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 in respect of 12,000,000 ordinary shares was HK\$1,768,000 (HK\$2,983,000 in respect of 20,250,000 ordinary shares of Most Kwai Chung) immediate before the Listing. The carrying value of such investment was HK\$6,600,000 as at 30th September 2020. 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.

12 REVIEW OF OPERATION

During the quarter under review, the Group’s turnover was HK\$10,299,000 (2019: HK\$19,682,000), representing a decrease of around 48% 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. However, the Group recognised the government subsidies under Employment Support Scheme of HK\$3,605,000 for the period. As a result, the Group recorded a loss of HK\$3,925,000 compared to the loss of HK\$5,034,000 for the same quarter of last financial year.

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

Hong Kong, 25th November 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.