

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

万 华 媒 体 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 2018

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 2018, together with the comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS ENDED 31ST MARCH 2018

		(Unaudited)	
		Three months ended 31st March	
		2018	2017
	Note	HK\$'000	HK\$'000
Turnover	2	22,431	21,689
Cost of goods sold		<u>(15,892)</u>	<u>(17,057)</u>
Gross profit		6,539	4,632
Other income		404	835
Gain on deemed disposal of investment in an associate		21,317	-
Selling and distribution expenses		(6,994)	(6,575)
Administrative expenses		(6,076)	(12,053)
Provision for impairment on trademarks		<u>(19,034)</u>	<u>(38,420)</u>
Operating loss		(3,844)	(51,581)
Share of results of joint ventures and associates		<u>(359)</u>	<u>17</u>
Loss before income tax		(4,203)	(51,564)
Income tax credit/(expense)	6	<u>182</u>	<u>(2,736)</u>
Loss for the period		<u><u>(4,021)</u></u>	<u><u>(54,300)</u></u>
Loss attributable to:			
- Owners of the Company		(4,021)	(54,300)
- Non-controlling interests		<u>-</u>	<u>-</u>
		<u><u>(4,021)</u></u>	<u><u>(54,300)</u></u>
Loss per share attributable to owners of the Company during the period (expressed in HK cents per share)			
- Basic and diluted	7	<u><u>(1.0)</u></u>	<u><u>(13.5)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2018

		(Unaudited) 31st March 2018 HK\$'000	(Audited) 31st March 2017 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		1,753	2,006
Intangible assets	3	5,173	25,302
Available-for-sale financial asset	4	70,470	-
Investments accounted for using equity method		1,115	5,680
Total non-current assets		<u>78,511</u>	<u>32,988</u>
Current assets			
Inventories		1,406	4,686
Trade and other receivables		20,800	25,321
Amounts due from fellow subsidiaries		3	29
Income tax recoverable		1,005	4,445
Cash and cash equivalents		29,761	38,325
Total current assets		<u>52,975</u>	<u>72,806</u>
Total assets		<u><u>131,486</u></u>	<u><u>105,794</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		401	401
Share premium		457,543	457,543
Other reserves		(279,273)	(326,462)
Accumulated losses		(66,980)	(46,430)
Total equity		<u>111,691</u>	<u>85,052</u>
LIABILITIES			
Non-current liabilities			
Long service payment obligations		50	72
Total non-current liabilities		<u>50</u>	<u>72</u>
Current liabilities			
Trade and other payables		18,781	19,775
Amounts due to fellow subsidiaries		964	895
Total current liabilities		<u>19,745</u>	<u>20,670</u>
Total liabilities		<u>19,795</u>	<u>20,742</u>
Total equity and liabilities		<u><u>131,486</u></u>	<u><u>105,794</u></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 31st March 2018 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 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 2018, which have been prepared in accordance with IFRSs and the interim results announcement for the six months ended 30th September 2017.

(b) *Accounting policies*

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2017, 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 adopted new or revised standards and amendments to standards that have been issued but are not yet effective for the accounting period beginning 1st April 2017. 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 for lifestyle magazines in Hong Kong and Taiwan, automobile/ watch magazines and others in Hong Kong and Taiwan and the Mainland China operation.

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 report.

The Group mainly operates its business for the lifestyle magazines in Hong Kong and Taiwan, automobile/watch magazines and others in Hong Kong and Taiwan and the Mainland China operation. 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 31st March 2018 are as follows:

	(Unaudited)				
	<u>Media Business</u>				
	Hong Kong and Taiwan				
	Automobile/ watch			Mainland	
	Lifestyle magazines	magazines and others	Sub total	China	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	18,205	3,748	21,953	478	22,431
Segment operating (loss)/profit	(21,522)	19,784	(1,738)	(2,064)	(3,802)
Unallocated expenses					(42)
Operating loss					(3,844)
Share of results of joint ventures and associates	-	(359)	(359)	-	(359)
Loss before income tax					(4,203)
Income tax credit					182
Loss for the period					(4,021)
Other segmental information:					
Interest income	12	-	12	27	39
Provision for impairment on trademarks	19,034	-	19,034	-	19,034
Depreciation of property, plant and equipment	176	17	193	25	218
Amortisation of intangible assets	273	4	277	-	277

The Group's turnover and results provided to the executive committee for the reporting segments for the three months ended 31st March 2017 are as follows:

	(Unaudited)				
	<u>Media Business</u>				
	Hong Kong and Taiwan				
		Automobile/ watch		Mainland China	
	Lifestyle magazines	magazines and others	Sub total	China	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	16,762	3,879	20,641	1,048	21,689
Segment operating loss	(43,366)	(1,937)	(45,303)	(1,930)	(47,233)
Unallocated expenses					(4,348)
Operating loss					(51,581)
Share of results of joint ventures and associates	-	17	17	-	17
Loss before income tax					(51,564)
Income tax expense					(2,736)
Loss for the period					(54,300)
Other segmental information:					
Interest income	41	-	41	31	72
Provision for impairment on trademarks	38,420	-	38,420	-	38,420
Depreciation of property, plant and equipment	248	16	264	22	286
Amortisation of intangible assets	663	6	669	-	669

3 INTANGIBLE ASSETS

	Computer Software (Note (a)) HK\$'000	Goodwill (Note (b)) HK\$'000	Trademarks (Note (c)) HK\$'000	Total HK\$'000
Year ended 31st March 2017				
Opening net book amount	328	-	65,940	66,268
Additions	160	-	-	160
Amortisation expenses	(186)	-	(2,520)	(2,706)
Provision for impairment	-	-	(38,420)	(38,420)
Closing net book amount	<u>302</u>	<u>-</u>	<u>25,000</u>	<u>25,302</u>
At 31st March 2017				
Cost	1,453	2,725	75,600	79,778
Accumulated amortisation	(1,151)	-	(12,180)	(13,331)
Accumulated impairment	-	(2,725)	(38,420)	(41,145)
Net book amount	<u>302</u>	<u>-</u>	<u>25,000</u>	<u>25,302</u>
Year ended 31st March 2018				
Opening net book amount	302	-	25,000	25,302
Additions	31	-	-	31
Amortisation expenses	(133)	-	(993)	(1,126)
Provision for impairment	-	-	(19,034)	(19,034)
Closing net book amount	<u>200</u>	<u>-</u>	<u>4,973</u>	<u>5,173</u>
At 31st March 2018				
Cost	1,484	2,725	75,600	79,809
Accumulated amortisation	(1,284)	-	(13,173)	(14,457)
Accumulated impairment	-	(2,725)	(57,454)	(60,179)
Net book amount	<u>200</u>	<u>-</u>	<u>4,973</u>	<u>5,173</u>

- (a) Costs of computer software, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over five years.
- (b) The goodwill arose from the acquisition of the Group's PRC subsidiaries in 2004 and the Group's Mainland China segment is determined to be the corresponding cash-generating-unit ("CGU"). During the year ended 31st March 2015, management has assessed that the recoverable amount of this CGU was less than the carrying amount of the CGU, and accordingly the Group recognised a full impairment loss of HK\$2,725,000 for the goodwill.
- (c) The trademarks arose from the acquisition of Ming Pao Finance Limited, which did not have any business activity except for holding the publishing titles of Ming Pao Weekly ("MP Weekly"). The management determined the publishing of MP Weekly to be the corresponding CGU.

Trademarks are stated at cost less accumulated amortisation and impairment provision and are amortised using the straight-line basis over thirty years.

The Group performed an impairment assessment on the trademarks when an impairment indicator existed as evidenced by the loss-making situation noted in the CGU for the publishing of MP Weekly for the year ended 31st March 2018.

The recoverable amount of the CGU was determined based on the higher of value-in-use (“VIU”) and fair value less cost of disposal (“FVLCD”) calculations. These calculations were made with the use of the discounted cash flow (“DCF”) projections. Cash flows beyond the five-year period are extrapolated with a growth rate of 3.0%. The DCF was prepared with reference to past performance, budget and the market research on annual growth of media industry.

Key assumptions used for the DCF projections:

	<u>2018</u>	<u>2017</u>
Printed advertising revenue growth (CAGR)	(3.1%)	2.7%
Digital advertising revenue growth (CAGR)	19.8%	80.2%
Circulation revenue growth (CAGR)	(0.1%)	2.0%
Discount rate	21.8%	19.6%

The recoverable amount of the CGU determined based on the VIU calculations was higher than that of the FVLCD and was approximately HK\$4,973,000, which was lower than the carrying amount of the CGU of HK\$24,007,000 by approximately HK\$19,034,000. Hence, as at 31st March 2018, a provision of HK\$19,034,000 for the trademarks was recognised in the consolidated income statement during the year ended 31st March 2018.

- (d) Amortisation expense of approximately HK\$15,000 (2017: HK\$20,000), HK\$11,000 (2017: HK\$15,000) and HK\$251,000 (2017: HK\$634,000) is included in cost of goods sold, selling and distribution, and administrative expenses, respectively.

4 Available-for-sale financial asset

	(Unaudited)	
	Three months ended 31st March	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed securities		
At 1st April	-	-
Addition	24,300	-
Fair value gain recognised in other comprehensive income	46,170	-
At 31st March	70,470	-

Available-for-sale financial asset is carried at fair value. Gain or loss arising from changes in the fair value is recognised in “other comprehensive income” the consolidated statement of comprehensive income. At 31st March 2018, the fair value of the available-for-sale financial asset was determined based on the share price of the listed securities.

No provision for impairment on available-for-sale financial asset was made for the three months ended 31st March 2018 (2017: Nil).

The available-for-sale financial asset is denominated in Hong Kong dollar and the fair value approximates the carrying amounts.

5 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 March	
	2018	2017
	HK\$'000	HK\$'000
Paper consumed	322	2,421
Depreciation of property, plant and equipment	218	286
Amortisation of intangible assets	277	669
Employee benefit expense (including directors' emoluments)	15,729	15,353
Occupancy costs	1,131	1,125
	<u>1,131</u>	<u>1,125</u>

6 INCOME TAX CREDIT/(EXPENSE)

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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 subsidiaries in the PRC were loss making or had utilised tax losses to offset the assessable profits generated during the three months ended 31st March 2018 and 2017.

	(Unaudited)	
	Three months ended 31st March	
	2018	2017
	HK\$'000	HK\$'000
Current income tax		
- Hong Kong profits tax credit/(expense)	182	(188)
- Under provision in prior year	-	(652)
Deferred income tax charge	-	(1,896)
	<u>182</u>	<u>(2,736)</u>

7 LOSS PER SHARE

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

	(Unaudited)	
	Three months ended 31st March	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss attributable to owners of the Company	4,021	54,300
Number of ordinary shares in issue (in thousands)	400,900	400,900
Basic and diluted loss per share (HK cents per share)	1.0	13.5

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 31st March 2018 and 2017.

8 DIVIDENDS

No dividend has been declared by the Directors during the three months ended 31st March 2018 (2017: Nil).

9 CONTINGENT LIABILITIES

As at 31st March 2018, the Group did not have any material contingent liabilities or guarantees (2017: Nil).

10 REVIEW OF OPERATION

During the quarter under review, the Group's turnover was HK\$22,431,000 (2017: HK\$21,689,000), representing a slight increase of 3.4% as compared with the same quarter of last financial year. The increase in turnover attributed to the growth in digital advertising revenue. Although there was decline in overall print advertising income of the Group, such decline was fully covered by the growth in digital advertising revenue. The Group recorded a gain on deemed disposal of investment in an associate of HK\$21,317,000 but it was almost offset by a provision for impairment on trademarks of HK\$19,034,000 (2017: HK\$38,420,000). This led to a significant decrease in loss for this quarter under review to HK\$4,021,000, compared to the loss of HK\$54,300,000 in the same quarter of last financial year.

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

Hong Kong, 30th May 2018

As at the date of this announcement, the board of the Company comprises Ms. TIONG Choon and Tan Sri Datuk Sir TIONG Hiew King, being non-executive directors; 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.