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万 华 媒 体 ONEMEDIAGROUP

One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2016

The directors (the “Directors”) of One Media Group Limited (the “Company”) announce the consolidated final results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2016 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31st March

	Note	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Audited)
Turnover	3	137,247	179,248
Cost of goods sold		(74,624)	(84,716)
Gross profit		62,623	94,532
Other income		4,127	8,463
Selling and distribution expenses		(34,186)	(38,572)
Administrative expenses		(44,409)	(40,001)
Impairment loss of goodwill		–	(2,725)
Operating (loss)/profit		(11,845)	21,697
Change in fair value of convertible bond		(218)	(2,240)
Share of profit/(loss) of joint ventures and associates	5	636	(1,071)
Allowance for impairment of interest in an associate	5	–	(23,467)
Loss before income tax		(11,427)	(5,081)
Income tax expense	12	(4,178)	(5,991)
Loss for the year		(15,605)	(11,072)
Loss attributable to:			
Owners of the Company		(15,605)	(11,072)
Non-controlling interests		–	–
		(15,605)	(11,072)
Loss per share attributable to owners of the Company for the year (expressed in HK cents per share)			
— Basic and diluted	13	(3.9)	(2.8)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
Loss for the year	(15,605)	(11,072)
Other comprehensive (loss)/income:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(1,131)	350
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Actuarial losses on long service payment obligations	(57)	(39)
Total comprehensive loss for the year	(16,793)	(10,761)
Attributable to:		
Owners of the Company	(16,793)	(10,761)
Non-controlling interests	-	-
	(16,793)	(10,761)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		2,598	3,699
Intangible assets	4	66,268	68,986
Interests in joint ventures and associates	5	5,808	6,172
Deferred income tax assets	10	30	3,149
Total non-current assets		74,704	82,006
Current assets			
Inventories		6,167	7,158
Trade and other receivables	6	37,745	48,650
Amounts due from fellow subsidiaries	6	39	294
Income tax recoverable		5,260	3,257
Cash and cash equivalents		48,470	130,099
Total current assets		97,681	189,458
Total assets		172,385	271,464
EQUITY			
Equity attributable to owners of the Company			
Share capital	7	401	400
Share premium	7	457,543	456,073
Other reserves		(325,760)	(324,181)
Retained earnings		15,589	35,203
Total equity		147,773	167,495
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	10	–	195
Long service payment obligations		114	50
Total non-current liabilities		114	245
Current liabilities			
Trade and other payables	9	22,463	26,940
Short-term bank borrowings		936	–
Amounts due to fellow subsidiaries	9	1,099	1,158
Convertible bond held by a fellow subsidiary	8	–	75,508
Income tax liabilities		–	118
Total current liabilities		24,498	103,724
Total liabilities		24,612	103,969
Total equity and liabilities		172,385	271,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11th March 2005 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business.

The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial information of the Group has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") and under the historical cost convention.

The preparation of 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.

(a) New and amended standards adopted by the Group

- (i) Amendment to IAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.
- (ii) Amendments from annual improvements to IFRSs — 2010–2012 Cycle, on IFRS 8, 'Operating segments', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' and IAS 24, 'Related party disclosures'.
- (iii) Amendments from annual improvements to IFRSs — 2011–2013 Cycle, on IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'.

Other than as disclosed above, there are no IFRSs or International Financial Reporting Interpretations Committee interpretations that are effective for the first time for the financial year beginning on 1st April 2015 that have a material impact on the Group.

(b) *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) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) *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 2015, and have not been applied in preparing these consolidated financial statements.

		Effective for annual periods beginning on or after
IFRS 14	Regulatory deferral accounts	1st January 2016
Amendments to IAS 1	Disclosure initiative	1st January 2016
Amendment to IFRS 11	Accounting for acquisitions of interests in joint operations	1st January 2016
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1st January 2016
Amendments to IAS 16 and IAS 41	Agriculture: bearer plants	1st January 2016
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Note
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception	1st January 2016
Amendment to IAS 27	Equity method in separate financial statements	1st January 2016
Annual improvements 2014	Annual improvement for 2012–2014 cycle	1st January 2016
Amendments to IAS 7	Statement of cash flows	1st January 2017
Amendments to IAS 12	Income taxes	1st January 2017
IFRS 9	Financial instruments	1st January 2018
IFRS 15	Revenue from contracts with customers	1st January 2018
IFRS 16	Leases	1st January 2019

Note: The effective date was postponed indefinitely.

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.

3 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, Taiwan 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 report.

The Group mainly operates its business in Hong Kong, Taiwan and Mainland China. 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 year ended 31st March 2016 are as follows:

	Hong Kong and Taiwan HK\$'000	(Unaudited) Media business Mainland China HK\$'000	Total HK\$'000
Turnover	<u>124,044</u>	<u>13,203</u>	<u>137,247</u>
Segment profit/(loss) before income tax	<u>9,566</u>	<u>(7,319)</u>	2,247
Unallocated expenses			<u>(14,092)</u>
Operating loss			(11,845)
Change in fair value of convertible bond			(218)
Share of profit of joint ventures (“JVs”) and associates			<u>636</u>
Loss before income tax			(11,427)
Income tax expense			<u>(4,178)</u>
Loss for the year			<u>(15,605)</u>
Other information:			
Interest income	<u>616</u>	<u>213</u>	<u>829</u>
Depreciation of property, plant and equipment	<u>1,636</u>	<u>326</u>	<u>1,962</u>
Amortisation of intangible assets	<u>2,734</u>	<u>–</u>	<u>2,734</u>

The Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2015 are as follows:

	Hong Kong <i>HK\$'000</i>	(Audited) Media business Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	<u>160,242</u>	<u>19,006</u>	<u>179,248</u>
Segment profit/(loss) before income tax	<u>45,469</u>	<u>(14,041)</u>	31,428
Unallocated expenses			<u>(9,731)</u>
Operating profit			21,697
Change in fair value of convertible bond			(2,240)
Share of loss of JVs and associates			(1,071)
Allowance for impairment of interest in an associate			<u>(23,467)</u>
Loss before income tax			(5,081)
Income tax expense			<u>(5,991)</u>
Loss for the year			<u>(11,072)</u>
Other information:			
Interest income	<u>1,529</u>	<u>307</u>	<u>1,836</u>
Impairment loss of goodwill	<u>–</u>	<u>2,725</u>	<u>2,725</u>
Depreciation of property, plant and equipment	<u>1,640</u>	<u>380</u>	<u>2,020</u>
Amortisation of intangible assets	<u>2,729</u>	<u>5</u>	<u>2,734</u>

The segment assets and liabilities as at 31st March 2016 are as follows:

	(Unaudited)				
	Hong Kong and Taiwan <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Total assets	317,525	21,196	(171,596)	5,260	172,385
Total assets include:					
— Interests in JVs and associates	5,808	—	—	—	5,808
— Additions to non-current assets (other than deferred income tax assets and interests in JVs and associates)	675	252	—	—	927
Total liabilities	<u>(18,396)</u>	<u>(177,812)</u>	<u>171,596</u>	<u>—</u>	<u>(24,612)</u>

The segment assets and liabilities as at 31st March 2015 are as follows:

	(Audited)				
	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Total assets	409,395	26,109	(170,447)	6,407	271,464
Total assets include:					
— Interests in JVs and associates	6,172	—	—	—	6,172
— Additions to non-current assets (other than deferred income tax assets and interests in JVs and associates)	757	3	—	—	760
Total liabilities	<u>(104,013)</u>	<u>(170,090)</u>	<u>170,447</u>	<u>(313)</u>	<u>(103,969)</u>

Segment assets consist primarily of property, plant and equipment, intangible assets, interests in JVs and associates, inventories, trade and other receivables and operating cash. They exclude deferred income tax assets and income tax recoverable.

Segment liabilities comprise operating liabilities. They exclude deferred income tax liabilities and current income tax liabilities.

The eliminations relate to intercompany receivables and payables between the operating segments.

The total of non-current assets located in Hong Kong and Taiwan is HK\$74,289,000 (2015: HK\$78,349,000) and the total of these non-current assets located in Mainland China is HK\$385,000 (2015: HK\$508,000).

Major customers

Revenue from a customer contributing over 10% of the total revenue of the Group is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
A single customer	<u>20,986</u>	<u>24,447</u>

The five largest customers accounted for approximately 32.0% (2015: 32.9%) of revenue for the year ended 31st March 2016.

4 INTANGIBLE ASSETS

	Computer software <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Trademarks <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2014 (Audited)				
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 (Audited)				
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 (Audited)				
Cost	1,283	2,725	75,600	79,608
Accumulated amortisation	(757)	–	(7,140)	(7,897)
Accumulated impairment	–	(2,725)	–	(2,725)
Net book amount	<u>526</u>	<u>–</u>	<u>68,460</u>	<u>68,986</u>
Year ended 31st March 2016 (Unaudited)				
Opening net book amount	526	–	68,460	68,986
Additions	16	–	–	16
Amortisation expenses	(214)	–	(2,520)	(2,734)
Closing net book amount	<u>328</u>	<u>–</u>	<u>65,940</u>	<u>66,268</u>
At 31st March 2016 (Unaudited)				
Cost	1,296	2,725	75,600	79,621
Accumulated amortisation	(968)	–	(9,660)	(10,628)
Accumulated impairment	–	(2,725)	–	(2,725)
Net book amount	<u>328</u>	<u>–</u>	<u>65,940</u>	<u>66,268</u>

5 INTERESTS IN JOINT VENTURES AND ASSOCIATES

Movements in the interests in joint ventures and associates are as follows:

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
At 1st April	6,172	31,636
Share of profit/(loss) of JVs and associates	636	(1,071)
Allowance for impairment	–	(23,467)
Others	(1,000)	(926)
	<hr/> 5,808 <hr/>	<hr/> 6,172 <hr/>
At 31st March	5,808	6,172

(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
ByRead Inc. (“ByRead”)	The Cayman Islands	24.97%	<i>Note (i)</i>	Equity
Blackpaper Limited (“Blackpaper”)	Hong Kong	10%	<i>Note (ii)</i>	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 projections based on financial budgets approved by management covering a five-year period.

The average growth rate used is based on past performance and is consistent with the industry forecasts. Key assumptions used for value-in-use calculations are around 7% for average growth rate and 9% for the discount rate. The discount rate used is pre-tax and reflect specific risks relating to the relevant operation of ByRead.

In view of ByRead’s recoverable amount smaller than the carrying amount of the investment, the Group recognised an allowance for impairment of HK\$23,467,000 for the interest 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.

(b) Interests in JVs

Set out below are the JVs of the Group as at 31st March 2016:

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%	<i>Note (i)</i>	Equity
Connect Media Company Limited ("Connect Media")	Hong Kong	40%	<i>Note (i)</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.

6 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
Trade receivables	33,902	38,652
Less: allowance for impairment of trade receivables	(938)	–
Trade receivables — net	32,964	38,652
Other receivables and deposits	2,792	6,954
Barter receivables	952	1,015
Prepayments and advances	1,037	2,029
Amounts due from fellow subsidiaries	39	294
	37,784	48,944

At 31st March 2016 and 31st March 2015, the fair values of trade and other receivables approximated their carrying amounts.

The Group allows in general a credit period ranging from 30 days to 120 days to its trade customers. At 31st March 2016 and 2015, the ageing analysis of the Group's trade receivables by invoice date, net of allowance for impairment, is as follows:

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
0 to 60 days	16,722	22,097
61 to 120 days	8,439	9,410
121 to 180 days	5,534	4,454
Over 180 days	2,269	2,691
	32,964	38,652

7 SHARE CAPITAL AND PREMIUM

	Number of shares <i>(in thousands)</i>	Nominal values of ordinary shares of HK\$0.001 each <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
Issued and fully paid:				
At 1st April 2015 (Audited)	400,000	400	456,073	456,473
Proceeds from shares issued under share option scheme	900	1	1,079	1,080
Transfer from share based payment reserve to share premium	–	–	391	391
At 31st March 2016 (Unaudited)	400,900	401	457,543	457,944
At 1st April 2014, and 31st March 2015 (Audited)	400,000	400	456,073	456,473

The total authorised number of ordinary shares is 4,000 million shares (2015: 4,000 million shares).

During the year ended 31st March 2016, 900,000 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 weighted average closing price of the Company's shares at the time of exercise was HK\$1.57 per share.

8 CONVERTIBLE BOND HELD BY A FELLOW SUBSIDIARY

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
Convertible bond held by a fellow subsidiary	<u>–</u>	<u>75,508</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 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.

9 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
Trade payables	2,628	2,647
Other payables	17,999	22,614
Receipt in advance	1,167	834
Deferred income and tax provision	669	845
	<u>22,463</u>	<u>26,940</u>
Amounts due to fellow subsidiaries	<u>1,099</u>	<u>1,158</u>
	<u>23,562</u>	<u>28,098</u>

The ageing of the amounts due to fellow subsidiaries arising from related-party transactions, by invoice date, is within 180 days. They are unsecured, non-interest bearing and with normal credit terms from 30 days to 180 days.

At 31st March 2016 and 2015, the ageing analysis of the trade payables by invoice date is as follows:

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
0 to 60 days	2,333	2,399
61 to 120 days	246	242
121 to 180 days	27	3
Over 180 days	22	3
	<u>2,628</u>	<u>2,647</u>

At 31st March 2016 and 2015, the fair values of trade and other payables approximated their carrying amounts.

10 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
Deferred income tax assets		
— to be recovered within 12 months	30	1,575
— to be recovered after 12 months	—	1,574
	<u>30</u>	<u>3,149</u>
Deferred income tax liabilities		
— to be realised within 12 months	—	(195)
	<u>—</u>	<u>(195)</u>
Deferred tax assets (net)	<u>30</u>	<u>2,954</u>

The movements on deferred income tax during the year are as follows:

	Accelerated tax depreciation <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2014 (Audited)	(335)	3,114	2,779
Credited to the consolidated income statement	140	—	140
Currency translation differences	—	35	35
	<u>(195)</u>	<u>3,149</u>	<u>2,954</u>
At 31st March 2015 (Audited)	(195)	3,149	2,954
At 1st April 2015 (Audited)	(195)	3,149	2,954
Credited/(debited) to the consolidated income statement	225	(2,977)	(2,752)
Currency translation difference	—	(172)	(172)
	<u>—</u>	<u>(172)</u>	<u>(172)</u>
At 31st March 2016 (Unaudited)	<u>30</u>	<u>—</u>	<u>30</u>

11 EXPENSES BY NATURE

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

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
Paper consumed	12,131	14,379
Printing costs	14,658	16,730
Depreciation of property, plant and equipment	1,962	2,020
Amortisation of intangible assets	2,734	2,734
Employee benefit expense (including directors' emoluments)	63,086	68,132
Occupancy costs	5,190	5,549
Loss/(gain) on disposal of property, plant and equipment	22	(90)
Auditor's remuneration	1,207	1,223
Support service fee	8,375	8,334
Licence fee and royalty charges	2,479	2,760
Advertising and promotion expenses	5,813	6,456
Distribution costs	1,773	3,251
Sales commission	2,746	4,506

12 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit during the year ended 31st March 2016.

No provision for the Mainland China current enterprise income tax has been made as the Group has unutilised tax losses to offset the assessable profits generated in the Mainland China during the years ended 31st March 2016 and 2015.

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
Hong Kong profits tax		
— Current income tax	(1,536)	(6,151)
— Over provision in prior year	110	20
Deferred income tax		
— Current deferred income tax (charge)/credit	(2,752)	140
	<u>(4,178)</u>	<u>(5,991)</u>

13 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 year.

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
Loss attributable to owners of the Company	<u>15,605</u>	<u>11,072</u>
Number of ordinary shares in issue (<i>in thousands</i>)	<u>400,685</u>	<u>400,000</u>
Basic loss per share (<i>HK cents per share</i>)	<u><u>3.9</u></u>	<u><u>2.8</u></u>

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

14 DIVIDENDS

Dividends attributable to the year:

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
Interim dividend, paid, HKnil cent (2015: HK0.6 cent) per ordinary share	–	2,400
Final dividend, proposed after the end of the reporting period, HKnil cent (2015: HK1 cent) per ordinary share	<u>–</u>	<u>4,000</u>
	<u><u>–</u></u>	<u><u>6,400</u></u>

Dividends paid during the year:

	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Audited)
Interim dividend, 2016, HKnil cent (2015: HK0.6 cent) per ordinary share	–	2,400
Final dividend, 2015, HK1 cent (2014: HK3 cents) per ordinary share	<u>4,009</u>	<u>12,000</u>
	<u><u>4,009</u></u>	<u><u>14,400</u></u>

On 30th June 2016, the Board of Directors did not recommend the payment of final dividend for the year ended 31st March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Summary

Hong Kong economy experienced slow growth during the fiscal year under review, while retail market recorded lower performance compared with 2014. According to retail sales report by Hong Kong Census and Statistics Department, the value of total retail sales in 2015 was HK\$475.2 billion, decreased by 3.7% in value and 0.3% in volume when compared with 2014.

Turnover of the Group for the year ended 31st March 2016 decreased by 23% or HK\$42,001,000 from HK\$179,248,000 to HK\$137,247,000. Gross profit of the Group therefore fell by 34% to HK\$62,623,000 compared with the previous fiscal year. The Group's loss partly attributed to professional fees incurred in relation to the corporate exercise of the possible disposal of shares of the Company by its controlling shareholder to a potential purchaser (the "Possible Disposal"). Loss attributable to owners of the Company was HK\$15,605,000, compared with loss attributable to owners of the Company of HK\$11,072,000 in the previous fiscal year. Included in last year's loss were impairment charges on the Group's interest in an associate and goodwill arising from the Group's subsidiaries in Mainland China totally amounting to HK\$26,192,000. Excluding the impairment losses recognised in previous year, the Group would have reported a profit attributable to owners of the Company of HK\$15,120,000 for last financial year against a loss of HK\$15,605,000 in this financial year.

Review of Operations

Hong Kong

Turnover of Hong Kong operation, which accounted for 90% of the Group's total turnover for the year, recorded a considerable decline of 23% to HK\$124,044,000 from HK\$160,242,000. Segment profit from Hong Kong operation reduced sharply by 79% to HK\$9,566,000 from HK\$45,469,000 reported in previous fiscal year.

"*Ming Pao Weekly* 明周 ("MP Weekly") is the Group's main turnover contributing business for the Hong Kong segment. During the year, the performance of MP Weekly was negatively affected by the continued weak retail conditions, resulting in advertisers tightening advertising and promotion spending, especially in the luxury sector. To diversify the customer base, the Group launched "*Ming's*" ("Ming's") in September 2014 which is a monthly title published complimentary with MP Weekly and offers photographs, in-depth articles and quality features covering five major categories — fashion, beauty, luxuries, arts and sports. Through the platform of MP Weekly, Ming's has reached out to a wider target advertisers of the above advertising categories.

MP Weekly is recognised again by well-known media organisations for its journalistic excellence. During the financial year, MP Weekly won the following prestigious awards:

- Award for Excellence in the Excellence in Reporting on the Environment category in The SOPA 2015 Awards for Editorial Excellence organised by The Society of Publishers in Asia
- No. 1 in the Entertainment category in the Magazine of the Year 2015 organised by Marketing Magazine in Hong Kong

“*TopGear 極速誌*” (“TopGear Hong Kong”) is a popular automobile magazine with international editorial backing. In the Magazine of the Year 2015 organised by Marketing Magazine in Hong Kong, TopGear Hong Kong was ranked No. 1 in the Automobiles category. “*MING Watch 明錶*” (“Ming Watch Hong Kong”) is a professional high-end watch magazine offering feature stories and the latest trends in the watch industry. Both magazines continuously expand their businesses and coverage from print format to multimedia format through online video platforms which generated positive responses from readers. During the year, TopGear Hong Kong and Ming Watch Hong Kong reported declines in performance due largely to the market’s weak demand which led to decrease in advertising revenue.

TopGear Hong Kong derived additional revenue from contract publishing services provided to certain premium automobile brands.

Mainland China

During the year, the Group’s Mainland China operation recorded a drop in turnover of 31% from HK\$19,006,000 in the prior year to HK\$13,203,000 due to the continued slow economy and the discontinuation of the operation of “*Popular Science 科技新時代*” (“Popular Science”) in September 2014. Despite a decrease in turnover, the segment loss during the year was narrowed to HK\$7,319,000 as compared to a loss of HK\$14,041,000 in the previous fiscal year. The improvement in segment loss was mainly due to the savings in operating expenses resulting from the discontinuation of Popular Science and effective cost control strategies in trimming down various overheads.

“*TopGear 汽車測試報告*” (“TopGear China”) continues to attract Mainland Chinese readers with infotainment, automobile news and trends. “*MING Watch 明表*” (“Ming Watch China”), a quarterly magazine, introduces the latest high-end watch market trends and feature stories to satisfy the needs of Mainland China readers.

Taiwan

As a step of the Group to build up a Greater China media platform, the Group expanded its business to Taiwan during the fiscal year. “*TopGear Taiwan 極速誌*” (“TopGear Taiwan”), a monthly automobile magazine, was launched in November 2015. TopGear Taiwan has been well accepted by the local market, and is under development stage with satisfactory progress.

Other Media Investments

The Group's joint venture, Connect Media Company Limited, continued to focus on multimedia channel of advertising business in passenger transportation in the Pearl River Delta region. It has maintained stable performance during the fiscal year under review.

Blackpaper Limited is principally engaged in the publication of "*BlackPaper*" and "*100 Most*". It also publishes books and provides creative multimedia services mainly through one of its digital products, namely "TV Most". It recorded satisfactory performance during the year.

In addition, ST Productions Limited, where the Group holds 70% equity interest, has been set up for the business of artiste and events management to open up new revenue stream for the Group.

Possible Disposal

Reference is made to the announcements made by the Company dated 4th March 2016, 15th April 2016 and 28th June 2016 (the "Announcements"). As stated in the Announcements, the Directors were informed by the Company's controlling shareholder, Comwell Investment Limited that it had entered into a memorandum of understanding (the "MOU"), a supplemental MOU and a second supplemental MOU on 4th March 2016, 15th April 2016 and 28th June 2016 respectively with a potential purchaser in relation to the Possible Disposal. The Possible Disposal, if it materialises, will result in a change in control of the Company.

Outlook

Hong Kong economy will be challenging in the coming year and the advertising business will continue to be affected by the ongoing weak consumer spending and market uncertainty. Adding to this, the competition within the media industry has been intensified. Nevertheless, the Group will stay cautious and refine its marketing and sale efforts to generate more revenue, as well as continuously keep tight control on operating costs to enhance productivity and profitability. To further expand the presence in the digital world, the Group will also continue to reallocate resources to develop its digital business while at the same time to explore more business opportunities with strategic partners to create greater value for shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31st March 2016, the Group's net current assets amounted to HK\$73,183,000 (2015: HK\$85,734,000) and the total equity attributable to the owners of the Company was HK\$147,773,000 (2015: HK\$167,495,000). The Group had bank borrowings HK\$936,000 (2015: Nil) and the gearing ratios, which is defined as the ratio of net debt, calculated as total borrowings (including the liability component of convertible bond) less cash and cash equivalents, to total capital, calculated as total equity attributable to the Company's owners plus net debt, was insignificant at 31st March 2016 and 2015.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's revenue and costs are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. Since Hong Kong dollars remain pegged to United States dollars, the Group does not foresee substantial risks from exposure to United States dollars. For subsidiaries in the Mainland China, most of the sales and purchases are denominated in Renminbi and the exposure to foreign exchange risk is expected to be minimal.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CONTINGENT LIABILITIES

As at 31st March 2016, the Group did not have any material contingent liabilities or guarantees (2015: Nil).

CLOSURE OF THE REGISTER OF THE MEMBERS

The registers of the Company will be closed from Tuesday, 9th August 2016 to Thursday, 11th August 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 8th August 2016.

EMPLOYEES

As at 31st March 2016, the Group has approximately 203 employees (2015: 194 employees), of which 169 was stationed in Hong Kong and Taiwan, and 34 was stationed in the Mainland China. The Group remunerates its employees based on the operating results, individual performance and comparable market statistics. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee regularly. The Company has implemented share option schemes as an incentive to the Directors and eligible employees.

In Hong Kong, the Group participates in the hybrid retirement benefit scheme operated by the Company's fellow subsidiary and the Mandatory Provident Fund scheme for its employees. In Mainland China, the Group provides to its employees social security plans in relation to retirement, medical care and unemployment and has made the required contributions to the local social insurance authorities in accordance with relevant laws and regulations in Mainland China.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and complied with the CG Code throughout the year. A detailed Corporate Governance Report setting out the Group's framework and explanations about how the provisions of the CG Code have been applied will be included in the Company's Annual Report 2015/16.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code for securities transactions by the Directors. The Directors have confirmed, following specific enquiries by the Company, their compliance with the required standard set out in the Model Code throughout the year.

The Company has also established written guidelines regarding securities transactions on no less exacting terms of the Model Code for senior management and specific individual who may have access to inside information in relation to the securities of the Company.

AUDIT COMMITTEE

The Company established an Audit Committee on 26th September 2005 with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. Victor YANG and Mr. LAU Chi Wah, Alex. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st March 2016 and discussed matters relating to auditing, internal controls and financial reporting.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 26th September 2005 with written terms of reference. The Remuneration Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. Victor YANG, Mr. LAU Chi Wah, Alex and one executive Director, namely, Mr. TIONG Kiew Chiong.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 26th September 2005 with written terms of reference. The Nomination Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. Victor YANG, Mr. LAU Chi Wah, Alex and one executive Director, namely, Mr. TIONG Kiew Chiong.

SCOPE OF WORK OF MESSRS. PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st March 2016 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. PricewaterhouseCoopers, to the amount set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. PricewaterhouseCoopers on this preliminary announcement.

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

Hong Kong, 30th June 2016

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.

The Company's Annual Report 2015/16 containing all the information required by the Listing Rules will be published on The Stock Exchange of Hong Kong Limited's website in due course and will be dispatched to shareholders before end of July 2016.