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万 华 媒 体 ONEMEDIAGROUP

One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

VOLUNTARY ANNOUNCEMENT IN RELATION TO FIRST QUARTER UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 30TH JUNE 2016

SUMMARY OF FIRST QUARTER UNAUDITED RESULTS

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 30th June 2016, together with the comparative unaudited consolidated figures for the corresponding period in 2015 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 30TH JUNE 2016

		(Unaudited)	
		Three months ended 30th June	
		2016	2015
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	25,347	36,739
Cost of goods sold		<u>(17,568)</u>	<u>(17,966)</u>
Gross profit		7,779	18,773
Other income		435	1,037
Selling and distribution expenses		(6,751)	(9,034)
Administrative expenses		<u>(7,976)</u>	<u>(8,364)</u>
Operating (loss)/profit		(6,513)	2,412
Share of profit/(loss) of joint ventures and associates		<u>1,186</u>	<u>(223)</u>
(Loss)/profit before income tax		(5,327)	2,189
Income tax credit/(expense)	5	<u>720</u>	<u>(567)</u>
(Loss)/profit for the period		<u><u>(4,607)</u></u>	<u><u>1,622</u></u>

		(Unaudited)	
		Three months ended 30th June	
		2016	2015
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit attributable to:			
	— Owners of the Company	(4,607)	1,622
	— Non-controlling interests	<u>—</u>	<u>—</u>
		<u>(4,607)</u>	<u>1,622</u>
 (Loss)/earnings per share attributable to owners			
of the Company during the period			
(expressed in HK cents per share)			
	— Basic and diluted	6 <u>(1.15)</u>	<u>0.41</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30TH JUNE 2016

	(Unaudited)	
	Three months ended 30th June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the period	(4,607)	1,622
Other comprehensive loss		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(300)</u>	<u>(94)</u>
Total comprehensive (loss)/income for the period	<u>(4,907)</u>	<u>1,528</u>
Attributable to:		
— Owners of the Company	<u>(4,907)</u>	1,528
— Non-controlling interests	<u>—</u>	<u>—</u>
	<u>(4,907)</u>	<u>1,528</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

		(Unaudited) 30th June 2016 <i>HK\$'000</i>	(Audited) 31st March 2016 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		2,505	2,598
Intangible assets	3	65,608	66,268
Interests in joint ventures and associates		5,994	5,808
Deferred income tax assets		68	30
		<hr/>	<hr/>
Total non-current assets		74,175	74,704
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		6,147	6,167
Trade and other receivables		29,612	37,745
Amounts due from fellow subsidiaries		22	39
Income tax recoverable		5,942	5,260
Cash and cash equivalents		50,177	48,470
		<hr/>	<hr/>
Total current assets		91,900	97,681
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		166,075	172,385
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		401	401
Share premium		457,543	457,543
Other reserves		(326,060)	(325,760)
Retained earnings		10,982	15,589
		<hr/>	<hr/>
Total equity		142,866	147,773
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

	(Unaudited) 30th June 2016 <i>HK\$'000</i>	(Audited) 31st March 2016 <i>HK\$'000</i>
LIABILITIES		
Non-current liabilities		
Long service payment obligations	<u>114</u>	<u>114</u>
Total non-current liabilities	<u>114</u>	<u>114</u>
Current liabilities		
Trade and other payables	20,637	22,463
Short-term bank borrowings	1,374	936
Amounts due to fellow subsidiaries	<u>1,084</u>	<u>1,099</u>
Total current liabilities	<u>23,095</u>	<u>24,498</u>
Total liabilities	<u>23,209</u>	<u>24,612</u>
Total equity and liabilities	<u>166,075</u>	<u>172,385</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 June 2016 is unaudited and has been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) 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 first quarter results announcement should be read in conjunction with the audited consolidated annual financial statements of the Group for the year ended 31st March 2016, which have been prepared in accordance with IFRSs.

(b) Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2016, 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 applicable for the accounting period beginning 1st April 2016. The Group is in the process of making an assessment of the impact of those new or revised standards and amendments to standards on the Group’s results and financial position in the period of initial application.

2 SEGMENT INFORMATION

IFRS 8 “Operating Segments” requires operating segments to be identified based on internal reporting that is regularly reviewed by the chief operating decision maker. The Group regards the Executive Committee as the chief operating decision maker being responsible for allocating resources to segments and assessing their performance.

The Executive Committee considers the business from geographic perspective. Geographically, management considers the performance of the media business in Hong Kong, 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 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, 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 three months ended 30th June 2016 and 2015 are as follows:

	(Unaudited)					
	Three months ended 30th June					
	Media business					
	Hong Kong and Taiwan		Mainland China		Total	
	2016	2015	2016	2015	2016	2015
	<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	<u>22,687</u>	<u>31,728</u>	<u>2,660</u>	<u>5,011</u>	<u>25,347</u>	<u>36,739</u>
Segment (loss)/profit before income tax	<u>(4,476)</u>	<u>4,597</u>	<u>(522)</u>	<u>(172)</u>	<u>(4,998)</u>	<u>4,425</u>
Unallocated expenses					<u>(1,515)</u>	<u>(2,013)</u>
Operating (loss)/profit					<u>(6,513)</u>	<u>2,412</u>
Share of profit/(loss) of joint ventures and associates					<u>1,186</u>	<u>(223)</u>
(Loss)/profit before income tax					<u>(5,327)</u>	<u>2,189</u>
Income tax credit/(expense)					<u>720</u>	<u>(567)</u>
(Loss)/profit for the period					<u>(4,607)</u>	<u>1,622</u>
Other information:						
Interest income	<u>29</u>	<u>312</u>	<u>40</u>	<u>70</u>	<u>69</u>	<u>382</u>
Depreciation of property, plant and equipment	<u>401</u>	<u>410</u>	<u>65</u>	<u>89</u>	<u>466</u>	<u>499</u>
Amortisation of intangible assets	<u>681</u>	<u>684</u>	<u>-</u>	<u>-</u>	<u>681</u>	<u>684</u>

3 INTANGIBLE ASSETS

	Computer softwares <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Trademarks <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31st March 2016 (Audited)				
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 (Audited)				
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>
Period ended 30th June 2016 (Unaudited)				
Opening net book amount	328	–	65,940	66,268
Additions	21	–	–	21
Amortisation expenses	(51)	–	(630)	(681)
Closing net book amount	<u>298</u>	<u>–</u>	<u>65,310</u>	<u>65,608</u>
At 30th June 2016 (Unaudited)				
Cost	1,316	2,725	75,600	79,641
Accumulated amortisation	(1,018)	–	(10,290)	(11,308)
Accumulated impairment	–	(2,725)	–	(2,725)
Net book amount	<u>298</u>	<u>–</u>	<u>65,310</u>	<u>65,608</u>

4 EXPENSES BY NATURE

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

	(Unaudited)	
	Three months ended 30th June	
	2016	2015
	HK\$'000	HK\$'000
Paper consumed	2,737	3,072
Depreciation of property, plant and equipment	466	499
Amortisation of intangible assets	681	684
Employee benefit expense (including directors' emoluments)	15,710	15,395
Occupancy costs	1,112	1,347
Loss on disposal of property, plant and equipment	–	3
	<u> </u>	<u> </u>

5 INCOME TAX (CREDIT)/EXPENSE

Income tax credit 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% (2015: 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 30th June 2016 and 2015.

	(Unaudited)	
	Three months ended 30th June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
— Hong Kong profits tax (credit)/expense	(682)	627
Deferred income tax credit	(38)	(60)
	<u>(720)</u>	<u>567</u>

6 (LOSS)/EARNINGS PER SHARE

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 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit attributable to owners of the Company	(4,607)	1,622
Weighted average number of ordinary shares in issue (in thousands)	400,900	400,039
Basic (loss)/earnings per share (HK cents per share)	<u>(1.15)</u>	<u>0.41</u>

7 DIVIDENDS

No dividend has been declared by the Directors during the three months ended 30th June 2016 (2015: Nil).

8 CONTINGENT LIABILITIES

As at 30th June 2016, the Group did not have any material contingent liabilities or guarantees (2015: Nil).

9 REVIEW OF OPERATION

During the quarter under review, the Group's turnover was HK\$25,347,000 (2015: HK\$36,739,000), representing a decrease of 31% from the same quarter of last financial year. The decline in turnover was due to the weak retail market of luxury products which led to advertisers tightening their advertising and promotion spending. As a result, the Group reported a loss of HK\$4,607,000 during this quarter compared to the profit of HK\$1,622,000 in the same quarter of last financial year.

PROFIT FORECAST UNDER RULE 10 OF THE TAKEOVERS CODE

Reference is made to (i) the Company's announcement dated 12th January 2016 (the "**Rule 3.7 Announcement**") in relation to, inter alia, the possible disposal of ordinary shares of HK\$0.001 each of the Company by its controlling Shareholder (the "**Possible Disposal**"); (ii) the Company's announcement dated 1st August 2016 (the "**Joint Announcement**") jointly issued by the Company and Qingdao West Coast Holdings (Internation) Limited (the "**Offeror**") in relation to, among other things, the entering into of a share transfer agreement in connection with the possible sale and purchase of shares in the Company and the possible mandatory unconditional cash offer by Guotai Junan Securities (Hong Kong) Limited on behalf of the Offeror; and (iii) the Company's announcement dated 8th August 2016 (the "**Profit Warning Announcement**") in relation to, inter alia, that based on the information available at the material time which was subject to further review, the Company was expected to record a consolidated loss attributable to the owners of the Company for the three months ended 30th June 2016 as compared to a consolidated profit attributable to the owners of the Company for the corresponding period in 2015 (the "**Profit Warning**"). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Rule 3.7 Announcement, the Joint Announcement and the Profit Warning Announcement. The offer period in respect of the Possible Disposal commenced on 12th January 2016.

As disclosed in the Profit Warning Announcement, the Profit Warning constitutes a profit forecast pursuant to Rule 10 and Practice Note 2 of the Takeovers Code and is required to be reported on by both the Company's financial advisers and auditors or accountants, and such reports must be lodged with the Executive in accordance with Rule 10.4 of the Takeovers Code. In addition, any estimate of profit for a period which has already expired (i.e. estimated consolidated loss attributable to the owners of the Company for the three months ended 30th June 2016) published by the Company during an offer period would also be regarded as a profit forecast under the same provisions of the Takeovers Code, and is therefore required to comply with the "reported on" requirements in the same manner.

The Profit Warning made by the Directors was based on the estimated consolidated loss attributable to the owners of the Company for the three months ended 30th June 2016 (the "**Profit Estimate**"), which was based on the unaudited management accounts of the Group for the three months ended 30th June 2016.

Accordingly, the Profit Estimate (which the Profit Warning is based upon) has been reported on by Hooray Capital Limited ("**Hooray**"), the financial adviser to the Company in relation to the Possible Disposal, and PricewaterhouseCoopers ("**PwC**"), the auditor of the Company.

PwC has reported that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the basis of preparation set out in page 6 and page 11 of this announcement and is presented on a basis consistent, in all material respects, with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31st March 2016 except for the adoption of certain new and revised standards and interpretations issued by the IASB, which are effective for the Group's financial year beginning 1st April 2016. PwC conducted their work in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("**ISAE 3000 (Revised)**") issued by International Federation of Accountants ("**IFAC**").

Hooray has discussed the basis of the Profit Warning and the basis of preparation of the Profit Estimate with the Directors and is satisfied that the Profit Warning and the Profit Estimate, for which the Directors are solely responsible, have been made by the Directors with due care and consideration.

The reports issued by PwC and Hooray, which are set out in Appendix I and II of this announcement, have been lodged with the Executive.

Each of PwC and Hooray has given and has not withdrawn their consent to the issue of this announcement with the inclusion of its report and references to use its name in the form and context in which they appear in this announcement.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Profit Estimate was not audited and was prepared in accordance with the International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board (“**IASB**”). The accounting policies used in the preparation of the Profit Estimate is consistent with those used in the audited annual consolidated financial statements of the Company for the year ended 31st March 2016 except for the adoption of certain new and revised standards and interpretations issued by the IASB, which are effective for the Group’s financial year beginning 1st April 2016.

The Group has not adopted new and revised standards and amendments to standards that have been issued by the IASB but are not yet applicable for the accounting period beginning 1st April 2016. The Group is in the process of making an assessment of the impact of those new and revised standards and amendments to standards on the Group’s result and financial position in the period of initial application.

Since the Profit Warning made by the Directors was based on the Profit Estimate, which was based on the unaudited management accounts of the Group for the three months ended 30th June 2016, which represents estimate of loss for a period which has already expired, no assumptions were involved in the making of the Profit Warning and the Profit Estimate.

CAUTION STATEMENT

Shareholders and potential investors of the Company should exercise caution in placing reliance on the Profit Warning and the Profit Estimate in assessing the merits and demerits of the transactions as described in the Joint Announcement, and when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

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

Hong Kong, 23rd August 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.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

APPENDIX I — REPORT FROM PwC ON THE PROFIT ESTIMATE

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.



INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE ACCOUNTING POLICIES AND CALCULATION OF THE PROFIT ESTIMATE

TO THE BOARD OF DIRECTORS OF ONE MEDIA GROUP LIMITED (THE “COMPANY”)

We have completed our assurance engagement to report on the principal accounting policies adopted and the calculations used in the preparation of the estimated consolidated loss attributable to the owners of One Media Group Limited (the “**Company**”) for the three months ended 30th June 2016 (the “**Profit Estimate**”) as set out in the voluntary announcement of the Company in connection with the first quarter unaudited results dated 23rd August 2016 (the “**Announcement**”) of the Company. The Profit Estimate is published during the offer period commenced on 12th January 2016 in connection with the disposal of ordinary shares of the Company by the controlling shareholder of the Company. We understand it is required to be reported on under Rule 10 of the Code on Takeovers and Mergers.

Directors’ Responsibilities

The directors of the Company are solely responsible for preparing the Profit Estimate on a basis consistent with the accounting policies adopted by the Company and its subsidiaries (together the “**Group**”), as set out in the audited annual consolidated financial statements of the Group for the year ended 31st March 2016 except for the adoption of certain new and revised standards and interpretations issued by the International Accounting Standards Board (“**IASB**”), which are effective for the Group’s financial year beginning 1st April 2016. This responsibility includes designing, implementing and maintaining internal controls relevant to the selection and application of appropriate accounting policies and the accurate calculations in the preparation of the Profit Estimate that is free from material misstatement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Federation of Accountants (“**IFAC**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 issued by the IFAC and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

It is our responsibility to report, as required by Rule 10 of the Code on Takeovers and Mergers, on whether, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the basis of preparation set out in page 6 and page 11 of the Announcement and is presented on a basis consistent, in all material respects, with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31st March 2016 except for the adoption of certain new and revised standards and interpretations issued by the IASB, which are effective for the Group's financial year beginning 1st April 2016, based on our reasonable assurance engagement, and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000 (Revised)") issued by the IFAC.

Our work consisted primarily of procedures such as (a) obtaining an understanding of the principal accounting policies adopted in the preparation of the Profit Estimate through inquires primarily of persons responsible for financial and accounting matters, (b) obtaining an understanding of the internal controls relevant to the selection and application of appropriate accounting policies and the accurate calculations in the preparation of the Profit Estimate, (c) comparing the principal accounting policies adopted in the preparation of the Profit Estimate with those set out in the audited annual consolidated financial statements of the Group for the year ended 31st March 2016 except for the adoption of certain new and revised standards and interpretations issued by the IASB, which are effective for the Group's financial year beginning 1st April 2016, (d) checking solely the arithmetical calculations relating to the financial numbers presented in the Profit Estimate, and such other procedures that we considered necessary in the circumstances in accordance with ISAE 3000 (Revised). Our work would not enable us to, and we do not, provide any assurance on the design or operational effectiveness of internal control relating to preparation of the Profit Estimate.

Our reasonable assurance engagement does not constitute an audit or review conducted in accordance with International Standards on Auditing or International Standards on Review Engagements issued by the IFAC. Accordingly, we do not express an audit or review opinion on the Profit Estimate.

Opinion

In our opinion, based on the foregoing, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the basis of preparation set out in page 6 and page 11 of the Announcement and is presented on a basis consistent, in all material respects, with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31st March 2016 except for the adoption of certain new and revised standards and interpretations issued by the IASB, which are effective for the Group's financial year beginning 1st April 2016.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23rd August 2016

APPENDIX II — REPORT FROM HOORAY ON THE PROFIT WARNING AND THE PROFIT ESTIMATE

The following is the text of a report received from Hooray Capital Limited, for the purpose of incorporation in this announcement.

HOORAY 好盈

23rd August 2016

The board of directors
One Media Group Limited
16th Floor, Block A,
Ming Pao Industrial Centre,
18 Ka Yip Street,
Chaiwan, Hong Kong

Dear Sirs,

Re: Profit Forecast under Rule 10 of the Takeovers Code

We refer to (i) the announcement of One Media Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 8th August 2016 (the “**Profit Warning Announcement**”) in relation to, inter alia, that based on the information available at the material time which was subject to further review, the Company was expected to record a consolidated loss attributable to the owners of the Company for the three months ended 30th June 2016 as compared to a consolidated profit attributable to the owners of the Company for the corresponding period in 2015 (the “**Profit Warning**”); and (ii) the announcement of the Company dated 23rd August 2016 (the “**Profit Estimate Announcement**”) in relation to, inter alia, the estimated consolidated loss attributable to the owners of the Company for the three months ended 30th June 2016 (the “**Profit Estimate**”). The Profit Warning and the Profit Estimate published during an offer period are required to be reported on pursuant to Rule 10 of The Codes on Takeovers and Mergers (the “**Takeovers Code**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Profit Warning Announcement and the Profit Estimate Announcement. This report is issued in compliance with Rule 10 of the Takeovers Code.

好盈融資有限公司

Hooray Capital Limited

香港干諾道中148號粵海投資大廈19樓B室

Unit B 19/F Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong

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Fax. 傳真: (852) 2110 4453

The Profit Warning made by the Directors was based on the Profit Estimate, which was based on the unaudited management accounts of the Group for the three months ended 30th June 2016.

We have discussed with you the basis of the Profit Warning and the basis of preparation of the Profit Estimate. We have also considered the report from PricewaterhouseCoopers on the Profit Estimate dated 23rd August 2016, to you, the text of which is set out in the Appendix I to the Profit Estimate Announcement, which stated that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the basis of preparation set out in page 6 and page 11 of the Profit Estimate Announcement and is presented on a basis consistent, in all material respects, with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31st March 2016 except for the adoption of certain new and revised standards and interpretations issued by the IASB, which are effective for the Group's financial year beginning 1st April 2016. The directors of the Company are solely responsible for preparing the Profit Estimate on a basis consistent with the accounting policies adopted by the Group, as set out in the audited annual consolidated financial statements of the Group for the year ended 31st March 2016 except for the adoption of certain new and revised standards and interpretations issued by the IASB, which are effective for the Group's financial year beginning 1st April 2016.

Based on the above, we are satisfied that the Profit Warning was made and the Profit Estimate was prepared by the Directors with due care and consideration.

Yours sincerely,
For and on behalf of
Hooray Capital Limited
Simon Ng
Director