

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)

FIRST QUARTER RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30TH JUNE 2014

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 2014, together with the comparative unaudited consolidated figures for the corresponding period in 2013 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS ENDED 30TH JUNE 2014

		(Unaudited)	
		Three months ended 30th June	
		2014	2013
	Note	HK\$'000	HK\$'000
Turnover	2	44,826	51,266
Cost of goods sold		<u>(21,536)</u>	<u>(24,226)</u>
Gross profit		23,290	27,040
Other income		2,215	1,459
Selling and distribution expenses		(8,957)	(10,783)
Administrative expenses		<u>(10,571)</u>	<u>(8,465)</u>
Operating profit		5,977	9,251
Share of loss of associates and joint ventures	4	<u>(449)</u>	<u>(855)</u>
Profit before income tax		5,528	8,396
Income tax expense	7	<u>(1,489)</u>	<u>(1,921)</u>
Profit for the period		<u>4,039</u>	<u>6,475</u>
Profit attributable to:			
Equity holders of the Company		<u>4,039</u>	<u>6,475</u>
Earnings per share attributable to equity holders of the Company for the period (expressed in HK cents per share)			
- Basic and diluted	8	<u>1.0</u>	<u>1.6</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

		(Unaudited) 30th June 2014 HK\$'000	(Audited) 31st March 2014 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		4,676	5,108
Intangible assets	3	73,658	74,291
Interests in associates and joint ventures	4	31,187	31,636
Deferred income tax assets		3,142	3,114
Total non-current assets		112,663	114,149
Current assets			
Inventories		8,495	10,018
Trade and other receivables		60,380	50,539
Amount due from fellow subsidiaries	10	368	365
Income tax recoverable		204	1,363
Cash and cash equivalents		123,761	123,476
Total current assets		193,208	185,761
Total assets		305,871	299,910
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		400	400
Share premium		456,073	456,073
Other reserves		(324,200)	(324,492)
Retained earnings			
- Proposed final dividends		12,000	12,000
- Others		52,714	48,675
Total equity		196,987	192,656
LIABILITIES			
Non-current liabilities			
Convertible bond	5	73,836	74,024
Deferred income tax liabilities		288	335
Long service payment obligations		16	16
Total non-current liabilities		74,140	74,375
Current liabilities			
Trade and other payables		32,249	31,416
Amounts due to fellow subsidiaries	10	1,833	1,178
Income tax liabilities		662	285
Total current liabilities		34,744	32,879
Total liabilities		108,884	107,254
Total equity and liabilities		305,871	299,910
Net current assets		158,464	152,882
Total assets less current liabilities		271,127	267,031

NOTES

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial information of the Company (the “Financial Information”) for the three months ended 30th June 2014 is unaudited and has been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This Financial Information has been prepared under the historical cost convention.

The preparation of this Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

This 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 2014.

(b) *Accounting policies*

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.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2014 as described therein.

Taxes on income during the period are accrued using the tax rate that would be applicable to expected total annual earnings.

2 SEGMENT INFORMATION

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

The Executive Committee considers the business from geographic perspective. Geographically, management considers the performance of the media business in Hong Kong and Mainland China.

The Executive Committee assesses the performance of the operating segments based on a measure of operating profit/loss before tax but excluding corporate expense. Other information provided is measured in a manner consistent with that in the internal financial reports.

The Group mainly operates its business in Hong Kong and Mainland China. The breakdown of total revenue from external customers from these two areas and the Group’s turnover and results provided to the Executive Committee for the reporting segments for the three months ended 30th June 2014 and 30th June 2013 are as follows:

	(Unaudited)					
	Three months ended 30th June					
	Media business					
	Hong Kong		Mainland China		Total	
	2014	2013	2014	2013	2014	2013
	<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	38,345	41,988	6,481	9,278	44,826	51,266
Segment profit/(loss) before income tax	11,246	13,856	(2,583)	(2,061)	8,663	11,795
Unallocated expenses					(2,686)	(2,544)
Operating profit					5,977	9,251
Share of loss of associates and joint ventures (“JVs”)					(449)	(855)
Profit before income tax					5,528	8,396
Income tax expense					(1,489)	(1,921)
Profit for the period					4,039	6,475
Other information:						
Interest income	369	220	79	78	448	298
Depreciation of property, plant and equipment	402	332	101	182	503	514
Amortisation of intangible assets	678	673	5	5	683	678

3 INTANGIBLE ASSETS

	Group			
	Computer softwares HK\$'000	Goodwill HK\$'000	Trademarks HK\$'000	Total HK\$'000
Year ended 31st March 2014				
Opening net book amount	582	2,703	73,500	76,785
Additions	243	-	-	243
Amortisation expenses	(209)	-	(2,520)	(2,729)
Currency translation differences	-	(8)	-	(8)
Closing net book amount	<u>616</u>	<u>2,695</u>	<u>70,980</u>	<u>74,291</u>
At 31st March 2014				
Cost	1,158	2,695	75,600	79,453
Accumulated amortisation	(542)	-	(4,620)	(5,162)
Net book amount	<u>616</u>	<u>2,695</u>	<u>70,980</u>	<u>74,291</u>
Period ended 30th June 2014				
Opening net book amount	616	2,695	70,980	74,291
Additions	26	-	-	26
Amortisation expenses	(53)	-	(630)	(683)
Currency translation differences	-	24	-	24
Closing net book amount	<u>589</u>	<u>2,719</u>	<u>70,350</u>	<u>73,658</u>
At 30th June 2014				
Cost	1,184	2,719	75,600	79,503
Accumulated amortisation	(595)	-	(5,250)	(5,845)
Net book amount	<u>589</u>	<u>2,719</u>	<u>70,350</u>	<u>73,658</u>

4 INTERESTS IN ASSOCIATES AND JOINT VENTURES

The amounts recognised in the consolidated statement of financial position are as follows:

	(Unaudited) 30th June 2014 HK\$'000	(Audited) 31st March 2014 HK\$'000
Interests in associates	27,288	27,313
Interests in JVs	3,899	4,323
	<u>31,187</u>	<u>31,636</u>

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

	(Unaudited) Three months ended 30th June 2014 HK\$'000	2013 HK\$'000
Associates	(25)	115
JVs	(424)	(970)
	<u>(449)</u>	<u>(855)</u>

(a) Interests in associates

Set out below are the associates of the Group as at 30th June 2014.

Name of associates	Place of incorporation	Effective equity interest	Principal activities	Measurement method
ByRead Inc. ("ByRead")	The Cayman Islands	24.97%	Note (i)	Equity
Blackpaper Limited ("Blackpaper")	Hong Kong	10%	Note (ii)	Equity
Guangzhou Tangde Advertising Company Limited ("Tangde")	Peoples Republic of China ("PRC")	10%	Note (iii)	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, learning and multimedia applications for individuals and enterprises in Mainland China.
- (ii) Blackpaper is engaged in providing creative multimedia services and advertising campaigns.
- (iii) Tangde is engaged in providing public relations events organising services for enterprises in Mainland China.

4 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)

(a) Interests in associates (Continued)

ByRead, Blackpaper and Tangde are private companies with no quoted market prices available for their shares.

There are no contingent liabilities relating to the Group's interests in the associates.

(b) Interests in JVs

Set out below are the JVs of the Group as at 30th June 2014.

Name of JVs	Place of incorporation	Effective equity interest	Principal activities	Measurement method
Chu Kong Culture Media Company Limited ("Chu Kong")	British Virgin Islands	40%	Note (i)	Equity
Connect Media Company Limited ("Connect Media")	Hong Kong	40%	Note (i)	Equity

(i) Chu Kong is an investment holding company and the principal activities of its wholly-owned subsidiary, Connect Media include 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.

5 CONVERTIBLE BOND

	(Unaudited) 30th June 2014 HK\$'000	(Audited) 31st March 2014 HK\$'000
Non-current		
Convertible bond	73,836	74,024

The Company issued a convertible bond on 1st June 2012, bearing interest at the rate of 1% per annum payable half-yearly in arrears, in the principal amount of HK\$75,600,000. The maturity date of the convertible bond will be the third anniversary of the date of the issue. The holder has the right to convert in whole or part of the principal amount of the bond into shares at a conversion price of HK\$0.9 per conversion share at any time following the issue of the convertible bond and up to the close of business on the maturity date. The values of the liability component and the equity conversion component were determined at issuance of the convertible bond.

5 CONVERTIBLE BOND (Continued)

The fair value of the liability component, included in non-current liabilities, was calculated using a market interest rate for an equivalent non-convertible bond. The equity component is recognised initially as the difference between the net proceeds from the bond and the fair value of the liability component and is included in other reserves in equity.

Movements on the liability component of the convertible bond are as follows:

	<i>HK\$'000</i>
For the year ended 31st March 2014	
Liability component at 1st April 2013	72,474
Coupon interest	(756)
Change in fair value of the liability component of convertible bond	2,306
Liability component at 31st March 2014	74,024
For the period ended 30th June 2014	
Liability component at 30th June 2014	74,024
Coupon interest	(188)
Change in fair value of the liability component of convertible bond	-
Liability component at 30th June 2014	73,836

6 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 30th June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Paper consumed	3,620	4,363
Depreciation of property, plant and equipment	503	514
Amortisation of intangible assets	683	678
Employee benefit expense (including directors' emoluments)	16,759	17,561
Occupancy costs	1,438	1,561
Loss on disposal of property, plant and equipment	6	-

7 INCOME TAX EXPENSE

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the period.

7 INCOME TAX EXPENSE (Continued)

No provision for the 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 2014 (2013: Nil).

	(Unaudited)	
	Three months ended 30th June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax		
- Current income tax	(1,535)	(1,947)
Deferred income tax		
- Current deferred income tax credit	46	26
	<u>(1,489)</u>	<u>(1,921)</u>

8 EARNINGS PER SHARE

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

	(Unaudited)	
	Three months ended 30th June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>4,039</u>	<u>6,475</u>
Number of ordinary shares in issue (in thousands)	<u>400,000</u>	<u>400,000</u>
Basic earnings per share (HK cents per share)	<u>1.0</u>	<u>1.6</u>

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

9 DIVIDENDS

No dividend has been declared by the Directors during the three months ended 30th June 2014 (2013: Nil).

The final dividend of HK3 cents per share (2013: HK3.5 cents), totaling HK\$12,000,000 (2013: HK\$14,000,000) for the year ended 31st March 2014 was approved by the shareholders at the annual general meeting held on 5th August 2014 and this final dividend was paid on 22nd August 2014.

10 AMOUNTS DUE TO/FROM FELLOW SUBSIDIARIES

The amounts due to/from fellow subsidiaries were arisen from related-party transactions.

11 CONTINGENT LIABILITIES

As at 30th June 2014, the Group did not have any material contingent liabilities or guarantees (30th June 2013: Nil).

12 REVIEW OF OPERATION

During the quarter under review, the Group's consolidated turnover was HK\$44,826,000 (2013: HK\$51,266,000), representing a decrease of 13% from the same quarter of last financial year. Advertisers in general tightened their promotion budgets. Consequently, the Group recorded a drop in operating profit to HK\$5,977,000 compared to HK\$9,251,000 for the same quarter of last financial year.

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

Hong Kong, 28th August 2014

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. SIT Kien Ping, Peter and Mr. Victor YANG, being independent non-executive directors.