萬華媒體
ONEMEDIAGROUP

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2020

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 2020 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31st March

	Note	**2020** *HK$'000*	2019 *HK$'000*
Continuing operations			
Turnover	*3*	**70,129**	98,600
Cost of goods sold		**(55,498)**	(61,652)
Gross profit		**14,631**	36,948
Other income		**2,969**	1,454
Selling and distribution expenses		**(15,457)**	(20,652)
Administrative expenses		**(28,649)**	(22,967)
Operating loss	*4*	**(26,506)**	(5,217)
Finance costs		**(199)**	–
Loss before income tax		**(26,705)**	(5,217)
Income tax expense	*6*	**(143)**	(212)
Loss for the year from continuing operations		**(26,848)**	(5,429)
Loss for the year from discontinued operation (attributable to owners of the company)	*7*	**–**	(6,678)
Loss for the year		**(26,848)**	(12,107)

	Note	2020 HK$'000	2019 HK$'000
Loss attributable to:			
— Owners of the Company			
— from continuing operations		**(26,848)**	(5,429)
— from discontinued operation		**–**	(6,678)
		(26,848)	(12,107)
Non-controlling interests		**–**	–
		(26,848)	(12,107)
Loss per share attributable to owners of the Company for the year (expressed in HK cents per share)			
— from continuing operations		**(6.7)**	(1.3)
— from discontinued operation		**–**	(1.7)
Basic and diluted	*12*	**(6.7)**	(3.0)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March

	2020	2019
	HK$'000	*HK$'000*
Loss for the year	**(26,848)**	(12,107)
Other comprehensive (loss)/income:		
Items that have been reclassified or may be reclassified subsequently to profit or loss		
Release of currency translation reserve upon disposal of subsidiaries	**–**	1,682
Currency translation differences	**(1)**	(607)
Items that will not be reclassified to profit or loss		
Changes in fair value on financial asset at fair value through other comprehensive income	**(14,074)**	(46,575)
Actuarial loss on long service payment obligations	**(75)**	(32)
Total comprehensive loss for the year	**(40,998)**	(57,639)
Total comprehensive loss for the year attributable to:		
— Owners of the Company arises from:		
Continuing operations	**(40,998)**	(56,583)
Discontinued operation	**–**	(1,056)
	(40,998)	(57,639)
Non-controlling interests	**–**	–
	(40,998)	(57,639)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March

	Note	**2020** **HK$'000**	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**679**	1,627
Intangible assets	*8*	**–**	4,894
Right-of-use assets		**–**	–
Financial asset at fair value through other comprehensive income	*9*	**9,821**	23,895
Total non-current assets		**10,500**	30,416
Current assets			
Inventories		**379**	482
Trade and other receivables	*10*	**8,673**	16,811
Income tax recoverable		**–**	391
Cash and cash equivalents		**9,976**	22,843
Total current assets		**19,028**	40,527
Total assets		**29,528**	70,943
EQUITY			
Equity attributable to owners of the Company			
Share capital		**401**	401
Share premium		**457,543**	457,543
Other reserves		**(338,955)**	(324,805)
Accumulated losses		**(105,935)**	(79,087)
Total equity		**13,054**	54,052
LIABILITIES			
Non-current liabilities			
Long service payment obligations		**137**	54
Lease liabilities		**2,285**	–
Total non-current liabilities		**2,422**	54

	Note	2020 HK$'000	2019 HK$'000
Current liabilities			
Trade and other payables	*11*	**8,567**	12,620
Contract liabilities		**2,263**	3,116
Amounts due to fellow subsidiaries	*11*	**976**	1,101
Lease liabilities		**2,205**	–
Income tax payable		**41**	–
Total current liabilities		**14,052**	16,837
Total liabilities		**16,474**	16,891
Total equity and liabilities		**29,528**	70,943

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 Company and its subsidiaries (collectively "the Group") are principally engaged in media business in Hong Kong and Taiwan, including but not limited to magazine publishing and digital media business.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated, and have been approved for issue by the Board of Directors on 24th June 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") and disclosure requirements of Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets at fair value through other comprehensive income, which are carried at fair value. The preparation of consolidated financial statements 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.

(i) New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April 2019:

IAS 19	Plan amendment, curtailment or settlement (amendments)
IAS 28	Long-term interests in associates and joint ventures (amendments)
IFRS 9	Prepayment features with negative compensation (amendments)
IFRS 16	Leases (new standard)
IFRIC-Int 23	Uncertainty over income tax treatments (new interpretation)
Annual improvements Project	Annual improvements 2015–2017 cycle (amendments)

The Group changed its accounting policies as a result of adopting IFRS 16 "Leases". The Group elected to adopt the simplified transition approach and has not restated comparatives for the 2019 reporting period. This is disclosed in Note 2.2. Other amendments and interpretations listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current on future periods.

(ii) New standards and interpretations net yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31st March 2020 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
IAS 1	Classification of liabilities as current or non-current (amendments)	1st January 2022
IAS 1 and IAS 8	Definition of material (amendments)	1st January 2020
IFRS 3	Definition of business (amendments)	1st January 2020
IAS 39, IFRS 7 and IFRS 9	Interest rate benchmark reform (amendments)	1st January 2020
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined
IFRS 17	Insurance Contracts (new standard)	1st January 2023
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1st January 2020

None of these new standards and interpretations are expected to have a material impact on the Group's consolidated financial statement.

2.2 Impact on the financial statements from the adoption of IFRS 16

This note explains the impact of the adoption of IFRS 16 "Leases" on the Group's consolidated financial statements.

As indicated in Note 2.1 above, the Group has adopted IFRS 16 retrospectively from 1st April 2019, but has not restated prior period comparatives, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balances of the Group's consolidated statement of financial position as at 1st April 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1st April 2019, except for short-term leases and leases for which the underlying asset is of low value, to which the respective lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term. The lessee's incremental borrowing rate applied to the lease liabilities on 1st April 2019 was 3.5%.

(i) Measurement of lease liabilities

The Group had outstanding lease commitments of HK$7,116,000 as at 31st March 2019.

	1st April 2019
	HK$'000
Discounted using the lessee's incremental borrowing rate at the date of initial application	6,751
Less: short-term leases not recognised as a liability	(131)
Lease liability recognised as at 1st April 2019	6,620
Of which are:	
Current lease liabilities	2,130
Non-current lease liabilities	4,490
	6,620

(ii) Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31st March 2019.

(iii) Adjustment recognised on adoption of IFRS 16

The change in accounting policy affected the following items in the consolidated statement of financial position as at 1st April 2019:

- Right-of-use assets — increased by HK$6,620,000
- Lease liabilities — increased by HK$6,620,000

There was no impact to the Group's accumulated losses as at 1st April 2019.

(iv) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1st April 2019;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1st April 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contain a lease at the date of initial application. Instead for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 "Leases" and IFRIC-Int 4 "Determining whether an Arrangement Contains a Lease".

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

The executive committee considers the performance of the entertainment and lifestyle operation and the watch and car operation and others in Hong Kong and Taiwan.

The breakdown of total revenue from external customers from these areas and the Group's turnover and results provided to the executive committee for the reporting segments for the year ended 31st March 2020 and 2019 are as follows:

	Year ended 31st March 2020 Media Business Continuing operations Hong Kong and Taiwan		
	Entertainment and lifestyle operation *HK$'000*	**Watch and car operation and others** *HK$'000*	**Total** *HK$'000*
Turnover	**55,092**	**15,037**	**70,129**
Segment loss	**(20,444)**	**(3,528)**	**(23,972)**
Unallocated expenses (net)			**(2,733)**
Loss before income tax			**(26,705)**
Income tax expense			**(143)**
Loss for the year			**(26,848)**
Other segmental information:			
Interest income	**179**	**–**	**179**
Finance costs	**165**	**34**	**199**
Provision for impairment on property, plant and equipment	**732**	**42**	**774**
Provision for impairment on intangible assets	**4,632**	**11**	**4,643**
Provision for impairment on right-of-use assets	**3,663**	**750**	**4,413**
Depreciation of property, plant and equipment	**602**	**74**	**676**
Amortisation of intangible assets	**248**	**9**	**257**
Depreciation of right-of-use assets	**1,832**	**375**	**2,207**

	Year ended 31st March 2019				
	Media Business				
	Continuing operations			Discontinued operation	
	Hong Kong and Taiwan				
	Entertainment and lifestyle operation	Watch and car operation and others	Sub total	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	81,461	17,139	98,600	463	99,063
Segment profit/(loss)	2,746	(1,453)	1,293	(6,678)	(5,385)
Unallocated expenses					(6,510)
Loss before income tax					(11,895)
Income tax expense					(212)
Loss for the year					(12,107)
Other segmental information:					
Interest income	98	–	98	16	114
Depreciation of property, plant and equipment	624	85	709	–	709
Amortisation of intangible assets	276	14	290	–	290

Note:

During the year ended 31st March 2019, the Group disposed of its entire equity interest in two subsidiaries in Mainland China. The related financial information of the disposed entities is presented as discontinued operation.

Disaggregation of revenue

	2020	2019
	HK$'000	*HK$'000*
Timing of revenue recognition		
— At a point in time	**14,478**	17,353
— Overtime	**55,651**	81,710
	70,129	99,063

4 OPERATING LOSS

Operating loss is stated after charging/(crediting) the following:

	2020	2019
	HK$'000	*HK$'000*
Paper consumed	**401**	1,027
Printing costs	**9,190**	10,152
Depreciation of property, plant and equipment	**676**	709
Amortisation of intangible assets	**257**	290
Depreciation of right-of-use assets	**2,207**	–
Provision for impairment on property, plant and equipment	**774**	–
Provision for impairment on intangible assets	**4,643**	–
Provision for impairment on right-of-use assets	**4,413**	–
Employee benefit expense (including directors' emoluments)	**50,983**	54,100
Expense relating to short-term leases	**435**	–
Operating lease expenses	**–**	3,064
(Gain)/loss on disposal of property, plant and equipment	**(41)**	4
Bad debts written off	**99**	90
Auditor's remuneration	**700**	911
Professional fees recharge	**(2,565)**	–
Support service fee	**5,277**	5,336
Licence fee and royalty charges	**578**	599
Advertising and promotion expenses	**1,870**	2,411
Distribution costs	**697**	990
Sales commission	**1,199**	2,073

5 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2020	2019
	HK$'000	*HK$'000*
At 1st April	**–**	1,115
De-recognition of investment in a joint venture ("JV")	**–**	(81)
Dividend received	**–**	(1,034)
At 31st March	**–**	–

During the year ended 31st March 2019, the Group has entered into an agreement with an independent third party to sell all its interest in a JV for approximately HK$9,000. The disposal was completed last year.

Set out below are the associates of the Group as at 31st March 2020 and 2019.

Nature of investment in associate as at 31st March 2020 and 2019:

Name of associates	**Place of incorporation**	**Effective equity interest**		**Principal activities**	**Measurement method**
		2020	2019		
ByRead Inc. ("ByRead")	The Cayman Islands	**24.97%**	24.97%	*Note (i)*	Equity

Note:

(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 and there is no quoted market price available for its shares. There is no contingent liabilities relating to the Group's interest in the associate.

The Group recognised an allowance for impairment of HK$23,467,000 of the investment in ByRead during the year ended 31st March 2015. Management has performed the assessment and did not consider any reversal of impairment being necessary for the year ended 31st March 2020.

For the year ended 31st March 2020, the associate incurred losses and the Group shared the losses of the associate up to its interest in the associate.

6 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit during the year ended 31st March 2020.

	2020	2019
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**143**	212
Deferred income tax		
— Deferred income tax charge	**–**	–
	143	212

7 DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATION

During the year ended 31st March 2019, the Group disposed of its entire equity interests in two of its subsidiaries, Beijing OMG Advertising Company Limited ("Beijing OMG Advertising") and Beijing Times Resource Technology Consulting Limited ("Beijing TRT"). The total consideration was approximate to the net assets value of disposed companies. The principal activity of these two companies was operation of magazines in Mainland China. As a result of the disposal, a loss of HK$1,641,000 has been recognised in the consolidated income statement. The effect of the disposal is summarised as follows:

	2019 *HK$'000*
Gain on disposal before release of currency translation reserve	41
Release of currency translation reserve	(1,682)
Net loss on disposal of subsidiaries	(1,641)

Upon disposal of Beijing OMG Advertising and Beijing TRT, the Group would cease the magazines operation in Mainland China.

The results of the discontinued operation for the year ended 31st March 2019 are presented below:

	2019 *HK$'000*
Revenue and other income	479
Expenses	(5,516)
Loss before income tax of discontinued operation	(5,037)
Income tax expense	–
Loss after income tax of discontinued operation	(5,037)
Gain on disposal of subsidiaries before release of currency translation reserve	41
Release of currency translation reserve	(1,682)
Loss from discontinued operation	(6,678)

8 INTANGIBLE ASSETS

	Computer software *(Note (a))* *HK$'000*	Goodwill *(Note (b))* *HK$'000*	Trademarks *(Note (a))* *HK$'000*	Total *HK$'000*
At 1st April 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	200	–	4,973	5,173
Year ended 31st March 2019				
Opening net book amount	200	–	4,973	5,173
Additions	11	–	–	11
Amortisation expenses *(Note 4)*	(85)	–	(205)	(290)
Closing net book amount	126	–	4,768	4,894
At 31st March 2019				
Cost	1,443	–	75,600	77,043
Accumulated amortisation	(1,317)	–	(13,378)	(14,695)
Accumulated impairment	–	–	(57,454)	(57,454)
Net book amount	126	–	4,768	4,894
Year ended 31st March 2020				
Opening net book amount	126	–	4,768	4,894
Additions	6	–	–	6
Amortisation expenses *(Note 4)*	(52)	–	(205)	(257)
Impairment	(80)	–	(4,563)	(4,643)
Closing net book amount	–	–	–	–
At 31st March 2020				
Cost	1,438	–	75,600	77,038
Accumulated amortisation	(1,358)	–	(13,583)	(14,941)
Accumulated impairment	(80)	–	(62,017)	(62,097)
Net book amount	–	–	–	–

(a) Computer software is stated at cost less accumulated amortisation and impairment provision and is amortised using the straight-line basis over five years.

The trademarks arose from 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.

(b) During the year ended 31st March 2019, the Group has disposed of the PRC operation and the cost and accumulated impairment loss of goodwill of HK$2,725,000 has been written-off.

(c) Amortisation expense of approximately HK$33,000 (2019: HK$56,000), HK$12,000 (2019: HK$20,000) and HK$212,000 (2019: HK$214,000) is included in cost of goods sold, selling and distribution, and administrative expenses, respectively.

9 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Classification of financial assets at fair value through other comprehensive income

These comprise listed equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Equity investments at fair value through other comprehensive income

	2020	2019
	HK$'000	*HK$'000*
Trading securities — listed securities		
At the beginning of the year	**23,895**	70,470
Fair value loss recognised in other comprehensive income	**(14,074)**	(46,575)
At the end of the year	**9,821**	23,895

Note:

The balance represents the fair value of the ordinary shares of Most Kwai Chung Limited which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Dividends from the above equity investments held at FVOCI totalling HK$1,053,000 (2019: nil) has been recognised in consolidated income statement.

10 TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**7,459**	13,798
Other receivables and deposits	**328**	517
Barter receivables	**153**	148
Prepayments and advances	**733**	2,348
	8,673	16,811

At 31st March 2020 and 2019, 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 2020 and 2019, the ageing analysis of the Group's trade receivables by invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0 to 60 days	**4,052**	7,585
61 to 120 days	**1,651**	3,609
121 to 180 days	**1,270**	1,249
Over 180 days	**486**	1,355
	7,459	13,798

There is no concentration of credit risk with respect to trade receivables as the Group has a large customer base.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis to reduce the exposure to bad debts. The credit period on trade receivables depending on the business area is ranging from 30 to 120 days.

11 TRADE AND OTHER PAYABLES, CONTRACT LIABILITIES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**3,046**	4,174
Other payables	**5,521**	8,446
Trade and other payables	**8,567**	12,620
Contract liabilities	**2,263**	3,116
Amounts due to fellow subsidiaries	**976**	1,101
	11,806	16,837

The ageing of the amounts due to fellow subsidiaries arising from related-party trade related 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 2020 and 2019, the ageing analysis of the trade payables by invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0 to 60 days	**1,983**	2,333
61 to 120 days	**720**	1,677
121 to 180 days	**17**	103
Over 180 days	**326**	61
	3,046	4,174

12 LOSS 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 year.

	2020	2019
	HK$'000	*HK$'000*
Weighted average number of ordinary shares in issue *(in thousands)*	**400,900**	400,900
Loss from continuing operations attributable to owners of the Company	**(26,848)**	(5,429)
Basic and diluted loss per share from continuing operations attributable to owners of the Company *(HK cents per share)*	**(6.7)**	(1.3)
Loss from discontinued operation attributable to owners of the Company	**–**	(6,678)
Basic and diluted loss per share from discontinued operation attributable to owners of the Company *(HK cents per share)*	**–**	(1.7)
Basic and diluted loss per share *(HK cents per share)*	**(6.7)**	(3.0)

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 year ended 31st March 2020 and 2019.

13 DIVIDENDS

The Board of Directors did not recommend the payment of dividend for the year ended 31st March 2020 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Summary

The second half of 2019 was a challenging period for Hong Kong when the social unrest began in June 2019. This battered its economy as the protests continued until December 2019 resulting in Hong Kong's GDP contracting by 1.2% for 2019 when compared to 2018. The already weakened economic situation in Hong Kong became worse when Hong Kong was hit by the coronavirus pandemic in January 2020.

The Group's turnover from continuing operations for the year ended 31st March 2020 declined by 29% to HK$70,129,000 from HK$98,600,000 in 2019. Besides, the Group had made non-cash provisions for impairment loss of HK$9,830,000 for intangible assets, right-of-use assets and property, plant and equipment mainly due to the outbreak of the coronavirus pandemic in January 2020 adversely affecting performance for the fourth quarter of the financial year. This led to the loss after tax widening to HK$26,848,000 from HK$12,107,000 a year ago. In the previous financial year, after deducting the loss from discontinued operation of HK$6,678,000, the loss from continuing operations amounted to HK$5,429,000.

Review of Operations

Entertainment and Lifestyle Operation

For the entertainment and lifestyle operation, the Group recorded turnover of HK$55,092,000 a decline of 32% compared to HK$81,461,000 recorded in last fiscal year. In addition, the Group has made non-cash provisions for impairment loss of HK$9,027,000 for intangible assets, right-of-use assets and property, plant and equipment. This resulted in the segment loss of HK$20,444,000 as compared to a profit of HK$2,746,000 for the previous financial year.

The deterioration in its performance for this financial year was mainly due to the weak retail sales especially for luxury brands caused by the protests in Hong Kong which started in June 2019 and continued until December 2019. The continuous protests had adversely affected the retail sector with shops having to close for business on days when the protests became overwhelming. These events impacted the advertising revenue of *"Ming Pao Weekly 明周"* ("MP Weekly") and *"Ming's"* as their advertisers faced with shrinking sales. The situation was made worse when the coronavirus pandemic started in January 2020 which led to consumers staying at home away from crowded malls. To date the coronavirus has brought the world to its knees with it spreading globally at an alarming rate.

MP Weekly continues to maintain its position as a popular entertainment and cultural title on both print and digital platforms in Hong Kong. During the year, it had continued to play a role in providing quality and up to date content about topics that were of interest to the people of Hong Kong . Meanwhile *"Ming's"* since its debut as a separate publication since March 2018 has lived up to its reputation as a stylistic local fashion and beauty brand, particularly for the young.

The Group continues to build its portfolio of self-curated videos and expand its client base for the sale of its creative advertisement solutions in both print and digital platforms. Apart from its effort to develop the business of organising marketing events for advertisers, government and other organisations to diversify its revenue stream, the Group has also expanded into customised publishing for some institutions in Hong Kong.

The Group is working on growing its artist management and event management business. The Group has managed to increase the number of artists it manages and this business has also provided synergy to its advertising business as the Group can pitch advertisement solutions with product endorsements by these artists.

In terms of cost, the Group continuously reviews ways to reduce its cost. For the financial year under review, it has benefited from some savings in manpower cost through natural attrition. The objective was to improve the operation efficiency through the reorganisation of duties.

Watch and Car Operation and Others

The turnover for the watch and car operation segment for the fiscal year in review had declined by 12% to HK$15,037,000 compared to HK$17,139,000 in last financial year. In addition, the Group has made non-cash provisions for impairment loss of HK$803,000 for intangible assets, right-of-use assets and property, plant and equipment. Segment loss had widened to HK$3,528,000 from HK$1,453,000 recorded in the previous year. The decline in the performance of this segment was mainly due to the drop in its revenue resulting from weak consumer demands caused by the protests and coronavirus pandemic in Hong Kong.

Nevertheless, *"TopGear 極速誌"* ("TopGear") remains a leading automobile title with a Hong Kong edition and a Taiwan edition, respectively, backed by an international publication. Meanwhile, *"MING Watch 明錶"* ("Ming Watch") is a professional high-end watch title offering feature stories while covering the latest industry trends in Hong Kong which had extended its business to Taiwan, focusing on not just watches but also lifestyle content.

Sustainability

The Group has integrated sustainability measures in its strategy, decision making and operations to ensure that its operations have minimal impact on the environment while producing and delivering credible and quality contents, services and products. Each year the Group reviews its material sustainability issues. The Group has in place systems to monitor the usage of natural resources like water and electricity by the Group. For social, the Group also carries out training and development activities for its employees and implements health and safety measures in its operations for the safety of its employees. It promotes ethical business practices by setting up sound procurement practices and measures. The Group reaches out to the local community and its shareholders with its yearly social activities.

Outlook

The Group expects the new financial year to be extremely challenging with the coronavirus pandemic crippling global economy. The pandemic has caused businesses to close and restricted movement of global population. As the spread of the same has yet to be met with the introduction of a vaccine, it is expected that the global economy will remain weak. Amidst such environment, it is expected that advertising spending will contract continuously. The Group however will continue to focus on building up its portfolio of self-curated videos and improving its digital capabilities to meet the demands of its customers and expand its client base. It will also keep on looking for ways to contain cost and improve operational efficiency.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31st March 2020, the Group's net current assets amounted to HK$4,976,000 (2019: HK$23,690,000) and the total equity attributable to the equity holders of the Company was HK$13,054,000 (2019: HK$54,052,000). The Group had no bank borrowings (2019: Nil) and the gearing ratios, which is defined as the ratio of net debt, calculated as total borrowings less cash and cash equivalents, to total capital, calculated as total equity attributable to the Company's equity holders plus net debt, was zero at 31st March 2020 and 2019.

During the year ended 31st March 2020, the Company has obtained a facility from its fellow subsidiary of HK$25,000,000 at a rate of 1.6% per annum over Hong Kong Inter-bank Offer Rate. As at 31st March 2020, the Company did not have any drawings of the facilities.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's revenues and costs are mainly denominated in Hong Kong dollars. The Group does not foresee substantial risks from exposure to fluctuations in exchange rates.

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 2020, the Group did not have any material contingent liabilities or guarantees (2019: Nil).

CLOSURE OF THE REGISTER OF THE MEMBERS

The registers of the Company will be closed from Thursday, 20th August 2020 to Tuesday, 25th August 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 19th August 2020.

EMPLOYEES

As at 31st March 2020, the Group has approximately 153 employees (2019: 152 employees). 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. 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.

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"). The Company has complied with the CG Code throughout the year.

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 Audit Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. LAU Chi Wah, Alex and Mr. CHAU Cheuk Wah. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st March 2020 and discussed matters relating to auditing, risk management, internal control systems and financial reporting.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. LAU Chi Wah, Alex, Mr. CHAU Cheuk Wah and one executive Director, namely, Mr. TIONG Kiew Chiong.

NOMINATION COMMITTEE

The Nomination Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. LAU Chi Wah, Alex, Mr. CHAU Cheuk Wah and one executive Director, namely, Mr. TIONG Kiew Chiong.

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

Hong Kong, 24th June 2020

As at the date of this announcement, the board of the Company comprises Ms. TIONG Choon, being non-executive director; Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong, being executive directors; and Mr. YU Hon To, David, Mr. LAU Chi Wah, Alex and Mr. CHAU Cheuk Wah, being independent non-executive directors.

The Company's Annual Report 2019/20 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 2020.