

Cashier



OOH Holdings Limited 奧傳思維控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8091

2019/20
Third Quarterly Report



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*This report, for which the directors (the “**Directors**”) of OOH Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months and nine months period ended 31 December 2019, together with the unaudited comparative figures for the corresponding periods in 2018 (the “**Financial Information**”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months period ended 31 December 2019

	Notes	For the three months period ended 31 December		For the nine months period ended 31 December	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	13,341	18,582	45,932	46,385
Cost of sales		(9,675)	(12,761)	(32,308)	(31,507)
Gross profit		3,666	5,821	13,624	14,878
Other income and gains, net	5	103	1,050	1,996	888
Selling expenses		(2,591)	(1,895)	(7,134)	(6,501)
Administrative expenses		(3,819)	(3,452)	(10,904)	(8,951)
Finance costs	6	(430)	—	(1,304)	—
(Loss)/Profit before income tax expense		(3,071)	1,524	(3,722)	314
Income tax expense	7	30	(256)	(69)	(256)
(Loss)/Profit and total comprehensive income for the period		(3,041)	1,268	(3,791)	58
(Loss)/Profit and total comprehensive income for the period attributable to:					
Owners of the Company		(2,940)	1,147	(3,788)	(77)
Non-controlling interests		(101)	121	(3)	135
		(3,041)	1,268	(3,791)	58
(Loss)/Earnings per share attributable to owners of the Company		HK cents	HK cents	HK cents	HK cents
Basic and diluted	8	(0.41)	0.16	(0.53)	(0.01)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 31 December 2019

	Attributable to owners of the Company						Total equity HK\$'000 (Unaudited)
	Share capital	Share premium	Other reserve	Retained earnings	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
At 1 April 2018 (Audited)	7,200	35,371	(90)	20,305	62,786	—	62,786
(Loss)/Profit and total comprehensive income for the period	—	—	—	(77)	(77)	135	58
Capital contribution from non-controlling interests	—	—	—	—	—	(17)	(17)
At 31 December 2018 (Unaudited)	7,200	35,371	(90)	20,228	62,709	118	62,827
At 1 April 2019 (Audited)	7,200	35,371	(90)	20,949	63,430	500	63,930
Loss and total comprehensive income for the period	—	—	—	(3,788)	(3,788)	(3)	(3,791)
At 31 December 2019 (Unaudited)	7,200	35,371	(90)	17,161	59,642	497	60,139

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

OOH Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 28 June 2016 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares had been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 5 January 2017. The address of its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is located at Suite A5, 9/F, Jumbo Industrial Building, 189 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

The principal activity of the Company (together with its subsidiaries as the “**Group**”) is investment holding. The principal activity of the Group is provision of advertising display services.

2. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the nine months period ended 31 December 2019 have not been audited by the Company’s auditor, but have been reviewed by the audit committee of the Company. They have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the unaudited condensed consolidated financial statements also comply with the applicable disclosure requirements under the GEM Listing Rules.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is the same as the functional currency of the Company.

3. Adoption of HKFRSs

(a) Adoption of new or revised HKFRSs — effective from 1 April 2019

In the current period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's unaudited condensed consolidated financial statements.

Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3 “Business Combinations”
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12 “Income Taxes”
Amendments to HKFRS 9 HKFRS 16	Prepayment Features with Negative Compensation Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures

Except as described below for HKFRS 16, the adoption of the new or amended HKFRSs above has no material impact on the Group's consolidated financial statements.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date supersedes HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Application of HKFRS 16 result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of its operating lease arrangements. The adoption of HKFRS 16 therefore result in an increase in right-of-use assets and an increase in lease liabilities in the Group's consolidated statement of financial position. In the Group's consolidated statement of profit or loss and other comprehensive income, the annual rental under otherwise identical circumstances decrease, while amortisation of right-of-use assets and interest expenses arising from the financial liabilities increase.

The Group applied the standard from its mandatory adoption date of 1 April 2019 and applied the simplified transition approach and did not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases were measured on transition at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The following table reconciles the operating lease commitments as lessee disclosed as at 31 March 2019 to the lease liabilities recognised at the date of initial application as at 1 April 2019:

	HK\$'000
Operating lease commitments as at 31 March 2019	51,157
Less: short-term leases for which lease terms end within 31 March 2020	(2,819)
Less: future interest expenses	(2,712)
Add: leases included in extension option which the Group considers reasonably certain to exercise	263
	<hr/>
Total lease liabilities as at 1 April 2019	45,889

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as at 1 April 2019 was 4.125%.

The following table summarises the impacts of transition to HKFRS 16 on the statement of financial position as at 31 March 2019 to 1 April 2019 as follows:

Statement of financial position as at 1 April 2019

	HK\$'000
Increase of right-of-use assets	49,050
Increase of lease liabilities (non-current)	29,287
Increase of lease liabilities (current)	16,602

(b) Revised HKFRSs that have been issued but are not yet effective

The following revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2020.

² Effective for business combinations where the acquisition date is on or after 1 January 2020.

³ The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

4. Revenue

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets, major platforms and service lines and timing of revenue recognition.

	For the three months period ended 31 December		For the nine months period ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Primary geographical markets				
Hong Kong (place of domicile)	13,341	15,833	43,541	42,675
Taiwan	—	2,749	2,391	3,710
	13,341	18,582	45,932	46,385
Major service lines				
Advertising display services				
— Minibus	12,216	12,366	37,183	34,789
— Taxi	386	98	761	503
— Others	186	714	493	1,261
— Hospitals and clinics	224	108	734	1,034
— Health and beauty retail stores	—	—	—	672
— Digital and online media	179	2,420	3,844	4,138
— Self-pickup lockers	4	127	344	278
	13,195	15,833	43,359	42,675
Esports event management services	—	2,749	2,391	3,710
Food and beverage	146	—	182	—
Total	13,341	18,582	45,932	46,385
Timing of revenue recognition				
Transferred over time	13,341	18,582	45,932	46,385

Geographical information

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its place of domicile.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial asset ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	For the nine months period ended 31 December		As at	
	2019	2018	31 December	31 March
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2019 HK\$'000 (Audited)
Hong Kong (place of domicile)	43,541	42,675	51,363	5,134
Taiwan	2,391	3,710	—	—
	45,932	46,385	51,363	5,134

Segment information

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors in order to allocate resources and assess performance of the segment.

The executive directors considered the business from the perspective of advertising platforms available, and determined that the Group has the following reportable operating segments:

- Provision of advertising display services over the transportation media platforms (“**Transportation Business**”);
- Provision of advertising display services over the healthcare media platforms (“**Healthcare Business**”);
- Provision of advertising display services over the digital and online media platforms (“**Digital Media Business**”);
- Provision of advertising display services over the self-pickup lockers platforms (“**Logistic Advertising Business**”);
- Provision of esports event management services (“**Digital Event Management Business**”); and
- Provision of the Mizimamei branded food and beverage products in Hong Kong (“**Food and Beverage Business**”).

Segment revenue and results

Segment revenue below represents revenue from external customers. There was no inter-segment revenue during the reporting periods. The chief operating decision makers assess the performance of the operating segments mainly based on revenue and gross profit of each operating segment. Corporate and other unallocated expenses include selling expenses, administrative expenses and other expenses which are common costs incurred for the operating segments as a whole and therefore they are not included in the measure of the segments’ performance that is used by the chief operating decision makers as a basis for the allocation of resources and assessment of segment performance. Other income and gains, net, finance costs and income tax expense are also not allocated to individual operating segment.

There were no segment assets and liabilities information provided to the chief operating decision makers.

The segment revenue and results, and the totals presented for the Group's operating segments reconciled to the Group's key financial figures as presented in the Financial Information are as follows:

	Transportation Business HK\$'000	Healthcare Business HK\$'000	Digital Media Business HK\$'000	Logistic Advertising Business HK\$'000	Digital Event Management Business HK\$'000	Food and Beverage Business HK\$'000	Total HK\$'000
For the nine months period ended 31 December 2019							
Revenue							
— From external customers	38,437	734	3,844	344	2,391	182	45,932
Cost of sales	(26,412)	(226)	(3,334)	(196)	(2,083)	(57)	(32,308)
Gross profit	12,025	508	510	148	308	125	13,624
Unallocated other income and gains, net							1,996
Corporate and other unallocated expenses							(18,038)
Finance costs							(1,304)
Loss before income tax expense							(3,722)

	Transportation Business HK\$'000	Healthcare Business HK\$'000	Digital Media Business HK\$'000	Logistic Advertising Business HK\$'000	Digital Event Management Business HK\$'000	Total HK\$'000
For the nine months period ended 31 December 2018						
Revenue						
— From external customers	36,553	1,706	4,138	278	3,710	46,385
Cost of sales	(23,477)	(1,747)	(3,043)	(180)	(3,060)	(31,507)
Gross profit	13,076	(41)	1,095	98	650	14,878
Unallocated other income and gains, net						888
Corporate and other unallocated expenses						(15,452)
Profit before income tax expense						314

	Transportation Business HK\$'000	Healthcare Business HK\$'000	Digital Media Business HK\$'000	Logistic Advertising Business HK\$'000	Digital Event Management Business HK\$'000	Food and Beverage Business HK\$'000	Total HK\$'000
For the three months period ended 31 December 2019							
Revenue							
– From external customers	12,788	224	179	4	–	146	13,341
Cost of sales	(9,105)	(58)	(442)	(31)	–	(39)	(9,675)
Gross profit	3,683	166	(263)	(27)	–	107	3,666
Unallocated other income and gains, net							103
Corporate and other unallocated expenses							(6,410)
Finance costs							(430)
Loss before income tax expense							(3,071)

	Transportation Business HK\$'000	Healthcare Business HK\$'000	Digital Media Business HK\$'000	Logistic Advertising Business HK\$'000	Digital Event Management Business HK\$'000	Total HK\$'000
For the three months period ended 31 December 2018						
Revenue						
– From external customers	13,178	108	2,420	127	2,749	18,582
Cost of sales	(8,230)	(519)	(1,742)	(92)	(2,178)	(12,761)
Gross profit	4,948	(411)	678	35	571	5,821
Unallocated other income and gains, net						1,050
Corporate and other unallocated expenses						(5,347)
Profit before income tax expense						1,524

5. Other Income and Gains, Net

	For the three months period ended 31 December		For the nine months period ended 31 December	
	2019	2018	2019	2018
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Bank interest income	49	37	258	69
Exchange (loss)/gain, net	(7)	4	(120)	(195)
Others	61	1,009	1,858	1,014
Total	103	1,050	1,996	888

6. Finance Costs

	For the three months period ended 31 December		For the nine months period ended 31 December	
	2019	2018	2019	2018
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Interest on lease liabilities	430	—	1,304	—

7. Income Tax Expense

	For the three months period ended 31 December		For the nine months period ended 31 December	
	2019	2018	2019	2018
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current tax — Hong Kong Profits Tax — Tax for the period	(30)	256	69	256

The Group companies incorporated in the Cayman Islands and the British Virgin Islands are tax-exempted as no business is carried out in the Cayman Islands and the British Virgin Islands under the laws of the Cayman Islands and the British Virgin Islands respectively.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the three months and the nine months period ended 31 December 2018; and at 8.25% on the first HK\$2 million of estimated assessable profits and at 16.5% for the portion of the estimated assessable profits above HK\$2 million for the three months and the nine months period ended 31 December 2019.

No deferred tax has been recognized as there were no material temporary differences for the three months and the nine months period ended 31 December 2019 and 2018, respectively.

8. (Loss)/Earnings Per Share

The calculation of basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following:

	For the three months period ended 31 December		For the nine months period ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
(Loss)/Earnings (Loss)/Earnings for the purposes of basic and diluted (loss)/earnings per share	(2,940)	1,147	(3,788)	(77)
Number of shares Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	'000 720,000	'000 720,000	'000 720,000	'000 720,000

The weighted average of 720,000,000 ordinary shares for the three months and the nine months period ended 31 December 2019 and 2018 were same as the number of ordinary shares of the Company in issue throughout the period.

Diluted earnings per share was the same as the basic earnings per share as the Group had no potential dilutive ordinary shares during the three months and the nine months period ended 31 December 2019 and 2018.

9. Dividend

The Board does not recommend a payment of an interim dividend for the nine months period ended 31 December 2019 (for the nine months period ended 31 December 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leading out-of-home (“OOH”) advertising space and service provider in Hong Kong. During the nine months period ended 31 December 2019, the Group continued to engage in the operation of advertising business on transportation and outdoor sector.

Business Review

The Group continued its principal business in the provision of OOH advertising spaces and services to its customers, which comprise end users aiming to promote their brands, products or services, and advertising agents acting for such advertisers. We also offer our customers design and production, advertisement logistics, installation and dismantling services on the different advertising platforms.

During the period under review, the Group’s first retail outlet of Mizimamei branded food and beverage products has commenced business in August 2019 (“**Food and Beverage Business**”). The retail outlet has maintained a steady growth of revenue despite the general food and beverage business in Hong Kong has been affected by the social movement. The Group has used its own exclusive advertising spaces in the Transportation Business as well as the promotional tactics gathered in Digital Media Business to promote the Mizimamei branded products. New products of hot drinks with Oolong tea have been introduced during the winter season to attract the customers with different tastes and preferences. Subject to the market conditions, the Group will also review the current pricing strategy with reference to our internal research on customer’s age, gender and demands of each and every product.

The Group has also maintained a steady growth in inventory of exclusive minibus advertising spaces in our fixed route minibus network from 1,347 units as at 31 December 2018 to 1,365 units as at 31 December 2019. During the period under review, the revenue generated from minibus advertising increased by approximately 6.9% mainly resulting from the increase in election advertising campaign by virtue of the District Council Election held in November 2019 and our strong inventory of exclusive minibus advertising spaces. Two in-house printing machines have been commissioned to our production facility and the production of the advertising stickers have been increased. It is expected that the increased printing capacity will realize our goal of minimizing our reliance on the outsourced printing regime.

Logistic Advertising Business and Digital Media Business have recorded a gross profit margin of approximately 43.0% and approximately 13.3% respectively during the period under review. It is expected that the revenue and the gross profit margin of these platforms will remain steady by virtue of the maturity of the sales cycle and the familiarization of the platforms by the advertisers.

Financial Review

Revenue

Total revenue of the Group decreased by 1.1% from approximately HK\$46.4 million for the nine months period ended 31 December 2018 to approximately HK\$45.9 million for that of 2019. Such decrease was mainly due to (i) the decrease of revenue generated from Digital Event Management Business from approximately HK\$3.7 million for the nine months period ended 31 December 2018 to approximately HK\$2.4 million for that of 2019; (ii) the decrease of revenue generated from Healthcare Business from approximately HK\$1.7 million for the nine months period ended 31 December 2018 to approximately HK\$0.7 million for that of 2019; and (iii) the decrease of revenue generated from the provision of other types of advertising services (for example advertising spaces in other OOH media formats) ("**Others Advertising**") from approximately HK\$1.3 million for the nine months period ended 31 December 2018 to approximately HK\$0.5 million for that of 2019.

Revenue generated from minibus advertising increased by 6.9% from approximately HK\$34.8 million for the nine months period ended 31 December 2018 to approximately HK\$37.2 million for that of 2019. Such increase was mainly due to the fact that (i) the Group has expanded the coverage of exclusive advertising spaces from 1,347 minibuses as at 31 December 2018 to 1,365 minibuses as at 31 December 2019; and (ii) the increase in election advertising campaign due to the District Council Election held in November 2019.

Revenue generated from taxi advertising and Logistic Advertising Business increased by approximately HK\$0.3 million or 51.3% and approximately HK\$0.1 million or 23.7% respectively for the nine months period ended 31 December 2019 as compared to that of 2018 due to increase of client base in these two advertising platforms. Revenue generated from the new Food and Beverage Business was approximately HK\$0.2 million since the commencement of the business in August 2019.

Revenue generated from Digital Media Business decreased by 7.3% from approximately HK\$4.1 million for the nine months period ended 31 December 2018 to approximately HK\$3.8 million for that of 2019. Revenue generated from Digital Event Management Business, in which the service agreement has ended pursuant to the termination notice given to the Group in April 2019 as disclosed in the interim report of the Group for the six months period ended 30 September 2019, was approximately HK\$2.4 million for the nine months period ended 31 December 2019 as compared to approximately HK\$3.7 million for that of 2018.

Revenue generated from Healthcare Business decreased from approximately HK\$1.7 million for the nine months period ended 31 December 2018 to approximately HK\$0.7 million for that of 2019. Such decrease was mainly due to the cease of the hospital advertising and the health and beauty retail stores advertising business since the completion of the agreements for the use of advertising spaces at the public hospitals and the health and beauty retail stores on 30 April 2018 and 30 June 2018 respectively. Such decrease was partly offset by the increase in revenue generated from private hospital and clinics by approximately HK\$0.4 million for the nine months period ended 31 December 2019 as compared to that of 2018.

Revenue generated from Others Advertising decreased by 61.5% from approximately HK\$1.3 million for the nine months period ended 31 December 2018 to approximately HK\$0.5 million for that of 2019 mainly due to the temporary closure of MTR stations resulting from the social movement during the second half of 2019 and the fact that MTR decided not to put posters in relation to the District Council Election on its trains and stations.

Cost of Sales and Gross Profit Margin

Cost of sales increased by 2.5% from approximately HK\$31.5 million for the nine months period ended 31 December 2018 to approximately HK\$32.3 million for that of 2019. The increase was mainly due to (i) an increase of depreciation of right-of-use asset (which has become effective during the period under review due to the adoption of HKFRS 16 “Leases”); and (ii) the increase of operating and advertising material expenses of the Group’s in-house printing facilities.

The gross profit margin decreased by 2.4 percentage points from approximately 32.1% for the nine months period ended 31 December 2018 to approximately 29.7% for that of 2019, which was mainly because of (i) the decrease in gross profit margin of minibus advertising from approximately 36.7% for the nine months period ended 31 December 2018 to approximately 31.4% for that of 2019 due to the increase of depreciation of right-of-use asset (which has become effective during the period under review due to the adoption of HKFRS 16 “Leases”) resulting from the increase in number of exclusive advertising spaces; and (ii) the relatively lower gross profit margin of Digital Media Business and Digital Event Management Business of approximately 13.3% and approximately 12.9% respectively.

Selling Expenses

Selling expenses increased from approximately HK\$6.5 million for the nine months period ended 31 December 2018 to approximately HK\$7.1 million for that of 2019 due to the increase of the quarterly commission paid to our sales team.

Administrative Expenses

Administrative expenses increased from approximately HK\$9.0 million for the nine months period ended 31 December 2018 to approximately HK\$10.9 million for that of 2019. The increase was mainly attributable to (i) an increase of directors' remuneration of approximately HK\$0.7 million; (ii) the increase of salaries of approximately HK\$0.3 million for the new staff operating our in-house printing facilities and the Digital Event Management Business; and (iii) the increase in expenses in relation to the new Food and Beverage Business of approximately HK\$0.7 million.

Finance Costs

Finance costs of the Group was approximately HK\$1.3 million for the nine months period ended 31 December 2019. It represented interest on lease liabilities for the leases of which the Group is lessees under HKFRS 16 "Leases" which was adopted by the Group since 1 April 2019.

Loss Attributable to Owners of the Company

As a result, we recorded loss attributable to owners of the Company of approximately HK\$3.8 million for the nine months period ended 31 December 2019 as compared to approximately HK\$77,000 for that of 2018.

Outlook

As the year approaches 2020, there are signs that the social movement is beginning to subside. Unexpectedly, the new coronavirus erupted in Hong Kong on the Lunar New Year eve. On 8 December 2019, the first case caused by coronavirus pneumonia was reported in Wuhan. Although Wuhan has a population of ten millions people, sealing off such a big city is inevitable to prevent the spread of the virus which is extremely infectious. The outbreak of pneumonia has put society on edge. Restrictions on movement of people have led to a renewed slump in tourism and retailing sector. The sharp drop in demand and production, investment, consumption and exports have been significantly affected, which is expected to result in rising unemployment and rising prices in the short-term. The outlook for the market may remain stagnant.

The Group will continue to strengthen its competitive advantage by maintaining the exclusive advertising spaces and explore varieties of business opportunities to diversify our business exposures. We shall continue to expand the coverage of our minibus advertising spaces with more exclusive routes. In addition, the Group introduces discounted packages such as the “KHFC Package Deals” during the holiday seasons and bundled sales technique to attract direct advertisers with competitive pricing to promote sales for those who wish to promote their brands and products during the economic downturn. The Group also participates more in government tenders for advertising services and it is expected that the revenue generated from this area will help the Group in fighting for the economic turmoil. The Group expected that the performance of Food and Beverage (“**F&B**”) Business will be negatively affected by the Wuhan coronavirus outbreak which in turn affected the local tourism and retail sector. In view of such impact, the Group focuses on local customers by exploring cooperation with food delivery mobile app companies, and local F&B delivery portals so that our Mizimamei branded products can be delivered to customers who might not wish to travel to our shop in Central. The Group will review the expenditure policies in 2020 to strengthen our costs cutting strategies from lowering advertising materials procurement, internal human resources and remuneration packages and to negotiate with our advertising space owners for rent free or discounted period.

With our concerted effort, the Group is confident that our government and the society will bring the outbreak under control eventually and overcome the difficulties despite the dark clouds over our economy.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporation

As at 31 December 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name of Director	Capacity/ Nature of interest	Number and class of securities ⁽¹⁾	Approximate percentage of shareholding interest
Ms. CHAU Wai Chu Irene (“ Ms. Chau ”)	Beneficial owner	278,640,000 ordinary shares (L)	38.70%
Ms. Chau ⁽²⁾	Interest in a controlled corporation	278,640,000 ordinary shares (L)	38.70%
Mr. DA SILVA Antonio Marcus (“ Mr. Da Silva ”)	Beneficial owner	93,960,000 ordinary shares (L)	13.05%
Mr. Da Silva ⁽³⁾	Interest in a controlled corporation	93,960,000 ordinary shares (L)	13.05%

Notes:

- (1) The letter "L" denotes the entity/person's long position in ordinary shares of the Company (the "**Shares**").
- (2) The Company was directly owned as to 38.70% (being 278,640,000 Shares) by Goldcore Global Investments Limited ("**Goldcore**"). By virtue of her 100% shareholding of Goldcore, Ms. Chau is deemed to be interested in the same number of Shares held by Goldcore.
- (3) The Company was directly owned as to 13.05% (being 93,960,000 Shares) by Silver Pro Investments Limited ("**Silver Pro**"). By virtue of his 100% shareholding of Silver Pro, Mr. Da Silva is deemed to be interested in the same number of Shares held by Silver Pro.

Long Positions in Shares of Associated Corporation

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Percentage of interest
Ms. Chau	Goldcore	Beneficial owner	100%
Mr. Da Silva	Silver Pro	Beneficial owner	100%

All issued shares in Goldcore are solely owned by Ms. Chau. Accordingly, Ms. Chau is deemed to be interested in all the Shares held by Goldcore by virtue of the SFO.

All issued shares in Silver Pro are solely owned by Mr. Da Silva. The spouse of Mr. Da Silva is Ms. CHU Sau Kuen Jeanny. Accordingly, Mr. Da Silva and Ms. CHU Sau Kuen Jeanny are both deemed to be interested in all the Shares held by Silver Pro by virtue of the SFO.

Save as disclosed above, as at 31 December 2019, none of the Directors and the chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as is known to the Directors, as at 31 December 2019, the following persons/entities had the interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under Section 336 of the SFO as follows:

Name of shareholder	Capacity/ Nature of interest	Number and class of securities ⁽¹⁾	Approximate percentage of shareholding interest
Goldcore ⁽²⁾	Beneficial owner	278,640,000 ordinary shares (L)	38.70%
Ms. Chau ⁽²⁾	Interest in a controlled corporation	278,640,000 ordinary shares (L)	38.70%
AL Capital Limited ⁽³⁾ ("AL Capital")	Beneficial owner	139,968,000 ordinary shares (L)	19.44%
Mr. LAU Anthony Chi Sing ⁽³⁾ ("Mr. Lau")	Interest in a controlled corporation	139,968,000 ordinary shares (L)	19.44%
Silver Pro ⁽⁴⁾	Beneficial owner	93,960,000 ordinary shares (L)	13.05%
Mr. Da Silva ⁽⁴⁾	Interest in a controlled corporation	93,960,000 ordinary shares (L)	13.05%
Ms. CHU Sau Kuen Jeanny ⁽⁴⁾	Interest of spouse (spouse of Mr. Da Silva)	93,960,000 ordinary shares (L)	13.05%

Notes:

- (1) The letter “L” denotes the entity/person’s long position in the Shares.
- (2) All issued shares in Goldcore are solely owned by Ms. Chau. Accordingly, Ms. Chau is deemed to be interested in all the Shares held by Goldcore by virtue of the SFO.
- (3) All issued shares in AL Capital are solely owned by Mr. Lau. Accordingly, Mr. Lau is deemed to be interested in all the Shares held by AL Capital by virtue of the SFO.
- (4) All issued shares in Silver Pro are solely owned by Mr. Da Silva. The spouse of Mr. Da Silva is Ms. CHU Sau Kuen Jeanny. Accordingly, Mr. Da Silva and Ms. CHU Sau Kuen Jeanny are both deemed to be interested in all the Shares held by Silver Pro by virtue of the SFO.

Save as disclosed above and so far as is known to the Directors, as at 31 December 2019, no other interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the nine months period ended 31 December 2019.

Share Option Scheme

The Company has adopted the share option scheme (the “**Scheme**”) on 19 December 2016. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The principal terms of the Scheme are summarized in the section headed “Share Option Scheme” in Appendix IV to the prospectus of the Company dated 23 December 2016.

As at 31 December 2019, no share option was outstanding under the Scheme. No share option has been granted, exercised, cancelled or lapsed under the Scheme since its adoption.

Competing Interests

None of the Directors, the directors of the Company's subsidiaries or controlling shareholders of the Company, or any of its respective close associates (as defined in the GEM Listing Rules) had interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group (other than being a Director and/or a director of its subsidiaries and their respective associates) during the nine months period ended 31 December 2019.

Directors' Securities Transactions

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Based on specific enquiry made with the Directors, all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance during the nine months period ended 31 December 2019.

Compliance with the Corporate Governance Code

The Company is committed to achieving a high standard of corporate governance to safeguard the interests of the shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

Throughout the nine months period ended 31 December 2019, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code, save for the deviation from the code provision A.2.1, as explained below:

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Ms. CHAU Wai Chu Irene currently holds both positions. In view of her experience and familiarity with the business operations of the Group, the Board considers that the roles of the Chairlady and Chief Executive Officer being performed by Ms. Chau would be appropriate to maintain the efficiency in the overall strategic planning, management and business development of the Group. The Board with the corporate governance committee of the Board will continue to review the Group's corporate governance policies and compliance with the CG Code each financial year.

Audit Committee

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and the code provisions C.3.3 and C.3.7 of the CG Code. The audit committee consists of all the three independent non-executive Directors being Ms. AU Shui Ming Anna, Mr. LIANG Man Kit Jerry and Mr. LAM Yau Fung Curt. Ms. AU Shui Ming Anna serves as the chairlady of the audit committee who has appropriate professional qualifications and experience as required by the GEM Listing Rules. The primary responsibilities of the audit committee include but without limitation the following: (i) assisting the Board in providing an independent view of the effectiveness of the Group's financial reporting system, internal control and risk management systems; (ii) overseeing the audit process; and (iii) performing other duties and responsibilities as assigned by the Board.

The audit committee has discussed and reviewed the unaudited condensed consolidated financial statements of the Group for the nine months period ended 31 December 2019 and this report.

Board of Directors

As at the date of this report, the Directors are:

Executive Directors:

Ms. CHAU Wai Chu Irene (*Chairlady and Chief Executive Officer*)

Ms. CHEUNG Kit Yi

Mr. LEAN Chun Wai

Non-Executive Director:

Mr. DA SILVA Antonio Marcus

Independent Non-Executive Directors:

Ms. AU Shui Ming Anna

Mr. LIANG Man Kit Jerry

Mr. LAM Yau Fung Curt

On behalf of the Board of

OOH Holdings Limited

CHAU Wai Chu Irene

Chairlady and Chief Executive Officer

Hong Kong, 7 February 2020