

万 华 媒 体

ONEMEDIAGROUP

ONE MEDIA GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2006

The directors of One Media Group Limited (the “Company”) announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2006 as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Year ended 31st March	
		2006	2005
		HK\$'000	HK\$'000
Turnover	3	187,975	177,115
Cost of goods sold		<u>(108,309)</u>	<u>(88,390)</u>
Gross profit		79,666	88,725
Other gains		1,645	1
Selling and distribution costs		(49,449)	(45,102)
Administrative expenses		<u>(26,452)</u>	<u>(15,132)</u>
Operating profit		5,410	28,492
Finance costs		<u>(306)</u>	<u>(95)</u>
Profit before income tax		5,104	28,397
Income tax credit/(expense)	6	1,918	(6,011)
Profit for the year		<u>7,022</u>	<u>22,386</u>
Attributable to:			
Equity holders of the Company		<u>7,022</u>	<u>22,386</u>
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in HK cents per share)			
– basic	7	<u>2.05</u>	<u>7.58</u>
– diluted	7	<u>2.05</u>	<u>NA</u>
Dividends	8	<u>1,500</u>	<u>16,000</u>

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	As at 31st March	
		2006	2005
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Goodwill		2,028	2,028
Property, plant and equipment		4,461	2,626
Defined benefit plan's assets		919	924
Long service payment assets		13	–
Deferred income tax assets		<u>304</u>	<u>–</u>
		<u>7,725</u>	<u>5,578</u>

Current assets

Inventories		11,077	2,059
Trade and other receivables	4	52,015	49,220
Deferred income tax assets		3,435	–
Income tax recoverable		2,006	–
Cash and cash equivalents		94,120	8,175
		<u>162,653</u>	<u>59,454</u>

Current liabilities

Trade and other payables	5	25,123	12,397
Amount due to the immediate holding company		–	3,339
Amounts due to fellow subsidiaries		2,402	1,838
Dividend payable		–	22,000
Income tax liabilities		83	2,485
Trust receipt loans, unsecured		338	–
Bank overdrafts		30	–
		<u>27,976</u>	<u>42,059</u>

Net current assets

	<u>134,677</u>	<u>17,395</u>
--	----------------	---------------

Total assets less current liabilities

	<u>142,402</u>	<u>22,973</u>
--	----------------	---------------

Financed by:**EQUITY****Capital and reserves attributable to the Company's equity holders**

Share capital		400	1
Other reserves		123,479	11,221
Retained earnings		17,023	11,501
Proposed final dividend		1,500	–
Total equity		<u>142,402</u>	<u>22,723</u>

LIABILITIES**Non-current liabilities**

Long service payment liabilities		–	9
Deferred income tax liabilities		–	241
		<u>–</u>	<u>250</u>
		<u>142,402</u>	<u>22,973</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1 General information**

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Company and its subsidiaries (together "the Group") in preparation for the listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 26th September 2005. Following the completion of the public offering and placing of 100,000,000 shares as set out in the prospectus dated 30th September 2005 issued by the Company (the "Prospectus"), the shares of the Company were listed on the Main Board of the Stock Exchange on 18th October 2005.

The Company is an investment holding company. The principal activities of the Group are publication, marketing and distribution of Chinese Language lifestyle magazines.

The Group resulting from the Reorganisation is regarded as a continuing entity and merger accounting has been adopted. Accordingly, the consolidated income statements and consolidated cash flow statements for the years ended 31st March 2006 and 2005 were prepared as if the current group structure had been in existence throughout the periods with reference to the Accounting Guideline 5 "Merger Accounting for Common Control Combinations". The consolidated balance sheet of the Group as at 31st March 2005 has been prepared to present the assets and liabilities of the Group as at 31st March 2005 as if the current group structure had been in existence at that date.

2 Basis of preparation and adoption of new/revised HKFRS

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) which term collectively includes Hong Kong Accounting Standards (“HKAS”) and Interpretations (“HKAS-Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and disclosure requirements of Appendix 16 of the Rules governing the Listing of Securities on the Stock Exchange. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies.

(b) The adoption of new/revised HKFRS

In the current year, the Group has applied, for the first time, a number of new HKFRSs. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and statement of changes in equity. The changes in presentation have been applied retrospectively.

The adoption of the new HKFRSs has resulted in changes to the Group’s accounting policies in the following areas that have an effect on how the results for the current and/or prior accounting years are prepared and presented:

(i) HKAS 1: Presentation of Financial Statements

The adoption of HKAS 1 has resulted in changes in presentation in the consolidated financial statements. It has no effect on the profit attributable to equity holders of the Company. Certain comparative figures have been amended to comply with the new presentation requirements.

(ii) HKAS 24: Related Party Disclosure

The adoption of HKAS 24 has expanded the definition of related parties to include key management of the Group.

(iii) HKFRS 2: Share-based payment

The Group newly adopted HKFRS 2 since 1st April 2005. Under HKFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods to the income statement and credited to employee share-based compensation reserve under equity.

Share options were conditionally granted under the pre-IPO scheme (details are disclosed in the Prospectus) to employees of the Group on 27th September 2005 and was approved upon the listing of the Company on 18th October 2005 (the “Listing Date”). The impact to the consolidated income statement of the Group for the year ended 31st March 2006 was HK\$794,000.

(iv) HKAS 36: Impairment of Assets

HKFRS 3: Business Combinations

The adoption of HKFRS 3 and HKAS 36 results in a change in the accounting policy for goodwill. Prior to this, goodwill was amortised on a straight-line basis over a maximum period of 15 years and assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3, the Group ceased amortisation of goodwill from 1st April 2005 onwards and goodwill is tested annually for impairment, as well as when there is indication of impairment. The accumulated amortisation as at 1st April 2005 has been offset against the cost of goodwill, with no comparatives restated. The Group’s goodwill as at 31st March 2006 and 2005 amounted to HK\$2,028,000.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than HKFRS 3, which is prospectively applied after 1st April 2005.

3 Segment information

Primary reporting format – geographical segments

The Group operates mainly in two geographical areas, Hong Kong and Mainland China. The segment results for the year ended 31st March 2005 are as follows:

	Hong Kong HK\$ '000	Mainland China HK\$ '000	Group HK\$ '000
Turnover	<u>166,328</u>	<u>10,787</u>	<u>177,115</u>
Segment results	35,823	(1,604)	34,219
Other gains			1
Unallocated expenses (Note)			(5,728)
Finance costs			(95)
Profit before income tax			<u>28,397</u>
Income tax expense			(6,011)
Profit for the year			<u>22,386</u>

The segment results for the year ended 31st March 2006 are as follows:

	Hong Kong HK\$'000	Mainland China HK\$'000	Group HK\$'000
Turnover	171,882	16,093	187,975
Segment results	26,940	(14,959)	11,981
Other gains			1,645
Unallocated expenses			(8,216)
Finance costs			(306)
Profit before income tax			5,104
Income tax credit			1,918
Profit for the year			7,022

Note: Corporate expenses incurred by the Group in the current year are classified as unallocated expenses. Accordingly, certain comparative figures have been reclassified to conform to the current year's presentation.

Other segment terms included in the income statements are as follows:

	Year ended 31st March 2006			Year ended 31st March 2005		
	Hong Kong HK\$'000	Mainland China HK\$'000	Group HK\$'000	Hong Kong HK\$'000	Mainland China HK\$'000	Group HK\$'000
Depreciation	909	459	1,368	645	115	760
Amortisation	–	–	–	–	137	137
Impairment of trade receivables	417	187	604	1,045	14	1,059

The segment assets and liabilities at 31st March 2005 and capital expenditure for the year then ended are as follows:

	Hong Kong HK\$'000	Mainland China HK\$'000	Eliminations HK\$'000	Unallocated HK\$'000	Group HK\$'000
Assets	61,660	10,612	(7,240)	–	65,032
Liabilities	(36,933)	(9,890)	7,240	(2,726)	(42,309)
Capital expenditure	1,520	2,700	–	–	4,220

The segment assets and liabilities at 31st March 2006 and capital expenditure for the year then ended are as follows:

	Hong Kong HK\$'000	Mainland China HK\$'000	Eliminations HK\$'000	Unallocated HK\$'000	Group HK\$'000
Assets	170,438	19,685	(25,490)	5,745	170,378
Liabilities	(23,605)	(30,124)	25,490	(83)	(28,322)
Capital expenditure	848	2,389	–	–	3,237

Segment assets consist primarily of property, plant and equipment, goodwill, inventories, trade and other receivables and operating cash. They exclude deferred income tax assets and income tax recoverable.

Segment liabilities comprise operating liabilities. They exclude income tax liabilities.

Capital expenditure comprises additions to property, plant and equipment.

Secondary reporting format – business segments

No business segment analysis is presented as the Group has been operating in a single business segment, which is publication, marketing and distribution of Chinese language lifestyle magazines, throughout the years ended 31st March 2006 and 2005.

4 Trade and other receivables

The carrying amounts of trade and other receivables approximate their fair values.

The Group allows in general a credit period ranging from 60 days to 90 days to its trade customers. At 31st March 2006, the ageing analysis of the Group's net trade receivable as included in trade and other receivables was as follows:

	2006 HK\$'000	2005 HK\$'000
0 to 60 days	24,422	24,375
61 to 120 days	13,408	13,096
121 to 180 days	6,394	5,591
Over 180 days	984	480
	45,208	43,542

There is no concentration of credit risk with respect to trade receivable as the Group has a large number of customers.

The Group has recognised a loss of HK\$604,000 (2005: HK\$1,059,000) for the impairment of its trade receivable during the year ended 31st March 2006. The loss has been included in selling and distribution costs in the income statement.

5 Trade and other payables

At 31st March 2006, the ageing analysis of the trade payable as included in trade and other payables was as follows:

	2006	2005
	<i>HKS'000</i>	<i>HKS'000</i>
0 to 60 days	8,660	3,547
61 to 120 days	2,340	6
121 to 180 days	196	–
Over 180 days	128	38
	<u>11,324</u>	<u>3,591</u>

6 Income tax (credit)/expense

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the year.

The People's Republic of China ("PRC") Enterprise Income Tax has been provided at the applicable rates between 7.5% and 33% on the profit of the Group's operations in PRC, in accordance with the income tax laws of PRC for foreign-invested enterprises and domestic companies.

	2006	2005
	<i>HKS'000</i>	<i>HKS'000</i>
Hong Kong profits tax		
– current income tax	2,316	5,734
– under/(over) provision in prior years	35	(146)
PRC enterprise income tax		
– current income tax	83	257
– overprovision in prior years	(372)	–
Deferred income tax (credit)/charge	(3,980)	166
	<u>(1,918)</u>	<u>6,011</u>

7 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2006	2005
	<i>HKS'000</i>	<i>HKS'000</i>
Profit attributable to equity holders of the Company	7,022	22,386
Weighted average number of ordinary shares in issue (thousands)	343,011	295,500
Basic earnings per share (HK cents per share)	<u>2.05</u>	<u>7.58</u>

The calculation of basic earnings per share for the year is based on the Group's profit attributable to equity holders and the weighted average number of ordinary shares. 294,500,000 ordinary shares issued by the Company to the immediate holding company on 26th September 2005 deemed to be in issue during the year as if the share capital of the Company outstanding immediately after the share exchange in connection with the Reorganisation had been in existence throughout the years and the issuance of 4,500,000 ordinary shares pursuant to the exercise of share options in September 2005.

Diluted earnings per share is not shown as there is no dilutive effect arising from the share options granted by the Company.

8 Dividends

No dividends were paid during the year ended 31st March 2006 (2005: dividend of HK\$16,000,000 was paid by the Company's subsidiary, One Media (HK) Limited (previously known as Ming Pao Magazines Limited), to its former shareholder on 28th September 2005). A dividend in respect of 2006 of HK0.375 cent per share, amounting to a total dividend of HK\$1,500,000 is to be proposed at the Annual General Meeting on 8th September 2006. Upon approval by the shareholders of the Company, the final dividend will be paid on 20th September 2006 to shareholders whose names appear on the register of members of the Company on 8th September 2006. These financial statements do not reflect this dividend payable but account for it as proposed dividend.

	2006	2005
	<i>HKS'000</i>	<i>HKS'000</i>
Special dividend paid	–	16,000
Proposed final dividend of HK0.375 cent (2005: Nil) per ordinary share	1,500	–
	<u>1,500</u>	<u>16,000</u>

Management Discussion and Analysis

Results Summary

For the year ended 31st March 2006, the Group reported a consolidated turnover of HK\$187,975,000 (2005: HK\$177,115,000), representing an increase of 6% compared to the last financial year. The profit after taxation amounted to HK\$7,022,000 (2005:HK\$22,386,000), representing a decrease of 69% compared to the last financial year. The decrease was mainly attributed to the one-time marketing expenditure and the additional production costs of the compact edition of *Ming Pao Weekly* ("Compact Edition") and the pre-launch development costs for the two new magazines in Mainland China, namely, "MING 青春之星" ("MING") and "*Rolling Stone* 音像世界" ("RS"). An increase in the unallocated expenses, mainly the corporate expenses, also led to the decrease in the profit after taxation.

Review of Operations

Hong Kong

The magazines currently published in Hong Kong include *Ming Pao Weekly*, *Hi-TECH Weekly* and *City Children's Weekly* ("HK Magazines"). These three titles contributed a turnover of HK\$171,882,000 (2005: HK\$166,328,000) to the Group, representing an increase of 3% compared to the last financial year, and an operating profit of HK\$26,940,000 (2005: HK\$35,823,000). The drop of operating profit in the Hong Kong division was mainly due to the one-time marketing expenditure and the additional production costs of the Compact Edition incurred.

In 2005, the Compact Edition of the same tabloid-sized *Ming Pao Weekly* ("Classic Edition") was launched in Hong Kong. The content and pagination of the Compact Edition are identical to that of the Classic Edition; however, the size has been reduced for the readers who prefer a convenient compact format to carry and read. This strategic move of publishing both Compact Edition and Classic Edition of each issue provides readers with more choices while the editorial quality of the magazine remains in tact and allowing advertisers to leverage a larger readership base.

In this financial year, the Group also revamped *Hi-TECH Weekly* into an "All-in-One" edition. Previously, the magazine was marketed as a two-book periodical in one package. The new "All-in-One" edition combines the content into one comprehensive magazine, offering readers a more convenient format and layout. This upgraded edition has resulted in positive feedback from both readers and advertisers regarding the changes.

City Children's Weekly continued to provide category-leading "edutainment" content to its target audience of primary school students in Hong Kong during this financial year. With the support of principals, teachers and parents, the magazine continued its "Multiple Intelligences for Kids" program in primary schools for the second year, entertaining and educating children on a weekly basis.

The HK Magazines were originally operated by two separate wholly-owned subsidiaries of the Company. In November 2005, the Group has undergone a reorganisation by consolidating the businesses of the HK Magazines under one single wholly-owned subsidiary of the Company. This consolidation will enable the Group to reduce corporate administration costs and, the most important of all, achieve operational efficiency for the Group as a whole.

Mainland China

In Mainland China, the Group has continued cautiously expanding its infrastructure and operation by recruiting new executives, adding new fixed assets and leasing more office spaces in order to ensure the effective usage of the Group's resources to further solidify the foundation for expansion.

In this financial year, the Group has the right to sell advertising space in and provide content to the magazines in Mainland China that incorporate content licensed from five internationally-renowned lifestyle magazines: *Popular Science*, *Digital Camera*, *Top Gear*, *T3 (Tomorrow's Technology Today)* and *Rolling Stone*. These titles contributed a turnover of HK\$16,093,000 (2005: HK\$10,787,000) to the Group, representing a 49% increase over the last financial year, but the operating loss was increased to HK\$14,959,000 (2005: HK\$1,604,000). The significant increase in operating loss in the Mainland China division attributed to the costs incurred in the expansion of the operational infrastructure and the pre-launch development for the two new magazines, MING and RS, which did not provide a significant contribution to the bottom line in this financial year because they were launched in March/April 2006. These pre-launch development costs were spent to insure that these new titles were anchored with a strong foundation for success. The preparation and development works included market researches, the establishment of content localization, the expansion of the advertising sales teams, circulation-related activities and marketing activities.

MING is an entertainment/celebrity/fashion title that incorporates some content from *Ming Pao Weekly* in Hong Kong, while RS is a music cultural icon magazine based on the internationally-renowned magazine, *Rolling Stone*, published by Wenner Media LLC in the United States. The first issues of MING and RS received very strong and positive responses

from both readers and advertisers. The content of these two magazines appeals to a wide demographic which allows for a broad target readers and extensive cross-selling opportunities to advertisers. The addition of magazines such as these to the existing portfolio of titles serves to bring the Group's operation in Mainland China to the next level and to capitalise on the infrastructure that the Group has strategically engineered in preparation for future growth.

During the financial year, *Popular Science* and *Top Gear* recorded significant growth. *Digital Camera* and *T3 (Tomorrow's Technology Today)*, however, continued to face competitive pressure from the increasing number of gadget magazines in the electronics category. In view of this, the Group decided to discontinue the operation of *Digital Camera* starting from April 2006 and to extend the digital photography section in *T3 (Tomorrow's Technology Today)*. This strategic move will not only reduce operational costs, but also strengthen the competitiveness of *T3 (Tomorrow's Technology Today)* in the market.

Outlook

The Group aims to be the dominant Chinese-language media group in the Hong Kong and Mainland China lifestyle magazine sectors by providing both high quality content to readers and a cross-selling platform to advertisers, and is well positioned to take advantage of the fast growing Chinese-language lifestyle magazine market in Mainland China whilst maintaining its competitive position in Hong Kong. Currently, the Group is actively seeking acquisition opportunities in China and Hong Kong and to partner with additional international publishers to expand its portfolio of magazines. With a solid infrastructure and foundation, the Group believes it could insure future expansion and enhance returns to the shareholders.

Exposure to fluctuations in exchange rates

The currency risk of the Group arises mainly from its purchases of raw material denominated in US dollars. In addition, the Group also has investments in PRC subsidiaries whose net assets are exposed to currency risk. The Group does not presently hedge this currency exposure.

Since HK dollars is pegged to US dollars, the Group does not foresee any substantial exposure to US dollars in this regard.

The Group currently does not hedge transactions undertaken in Renminbi but manages its exposure through constant monitoring to limit as much as possible the amount of its Renminbi exposures.

Purchase, sale or redemption of 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.

Closure of the Register of the Members

The register of members will be closed from Monday, 4th September 2006 to Friday, 8th September 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend of HK0.375 cent per ordinary share, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 1st September 2006.

Employees

As at 31st March 2006, the Group has approximately 270 employees (2005: approximately 253 employees) of which 154 and 116 were stationed in Hong Kong and in Mainland China, respectively. The Group remunerates its employees based on industry practice and performance of individual employees. The Group also implements share option schemes for its staff.

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

Corporate Governance

The Company is committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness. The Company adopted all the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (the "Code") as its own code on corporate governance practices and has complied with the requirements of the Code during the period (insofar as they are relevant and practicable).

A detailed Corporate Governance Report setting out the Group's framework of governance and explanations about how the provisions of the Code have been applied will be included in the Company's Annual Report 2006.

Compliance of the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code for securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, their compliance with the required standard as set out in the Model Code during the year.

Review of Financial Statements

The audit committee of the Company has reviewed with management the consolidated financial statements for the year ended 31st March 2006, including accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters.

By Order of the Board
TIONG Kiu King
Director

Hong Kong, 30th June 2006

As at the date of this announcement, Mr. TIONG Kiu King, Mr. TIONG Kiew Chiong, Mr. Peter Bush BRACK, Mr. TUNG Siu Ho, Terence and Mr. Robert William Hong-San YUNG are executive directors of the Company. Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter are independent non-executive directors of the Company.

The Company's Annual Report 2006 containing all the information required by the Rules Governing the Listing of Securities on the Stock Exchange will be published on the Stock Exchange's website in due course and will be dispatched to shareholders before end of July 2006.

Please also refer to the published version of this announcement in The Standard.