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# 万 华 媒 体 ONEMEDIAGROUP

## One Media Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2014

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 2014 as follows:

#### CONSOLIDATED INCOME STATEMENT

Year ended 31st March

	Note	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Audited)
Turnover	3	203,352	217,295
Cost of goods sold	11	(92,458)	(94,128)
<b>Gross profit</b>		<b>110,894</b>	123,167
Other income		10,423	5,894
Selling and distribution expenses	11	(37,849)	(41,637)
Administrative expenses	11	(40,782)	(40,842)
<b>Operating profit</b>		<b>42,686</b>	46,582
Change in fair value of convertible bond	7	(2,306)	(2,718)
Share of loss of associates and joint ventures		(2,972)	(996)
<b>Profit before income tax</b>		<b>37,408</b>	42,868
Income tax expense	12	(8,762)	(6,986)
<b>Profit for the year</b>		<b>28,646</b>	35,882
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>28,646</b>	35,882
<b>Earnings per share attributable to equity holders of the Company for the year (expressed in HK cents per share)</b>			
— Basic and diluted	13	<b>7.2</b>	9.0
<b>Dividends</b>	14	<b>18,000</b>	22,000

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March

	2014 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Audited)
<b>Profit for the year</b>	<b>28,646</b>	35,882
<b>Other comprehensive (losses)/income:</b>		
<b><u>Item that may be reclassified to profit or loss</u></b>		
Currency translation differences	(48)	571
<b><u>Item that will not be reclassified subsequently to profit or loss</u></b>		
Actuarial (losses)/gains on long service payment obligations	(3)	108
<b>Total comprehensive income for the year</b>	<b>28,595</b>	<b>36,561</b>
<b>Attributable to:</b>		
Equity holders of the Company	<b>28,595</b>	<b>36,561</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31st March*

	<i>Note</i>	2014 <i>HK\$'000</i> <b>(Unaudited)</b>	2013 <i>HK\$'000</i> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,108	5,483
Intangible assets	4	74,291	76,785
Interests in associates and joint ventures	5	31,636	32,982
Deferred income tax assets	9	3,114	3,152
<b>Total non-current assets</b>		<b>114,149</b>	118,402
<b>Current assets</b>			
Inventories		10,018	8,694
Trade and other receivables	6	50,539	59,164
Amount due from fellow subsidiaries		365	–
Income tax recoverable		1,363	1,931
Cash and cash equivalents		123,476	102,798
<b>Total current assets</b>		<b>185,761</b>	172,587
<b>Total assets</b>		<b>299,910</b>	290,989
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	10	400	400
Share premium	10	456,073	456,073
Other reserves		(324,492)	(324,441)
Retained earnings			
— Proposed final dividends		12,000	14,000
— Others		48,675	38,029
<b>Total equity</b>		<b>192,656</b>	184,061
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Convertible bond	7	74,024	72,474
Deferred income tax liabilities	9	335	288
Long service payment obligations		16	12
<b>Total non-current liabilities</b>		<b>74,375</b>	72,774
<b>Current liabilities</b>			
Trade and other payables	8	31,416	33,508
Amounts due to fellow subsidiaries	8	1,178	535
Income tax liabilities		285	111
<b>Total current liabilities</b>		<b>32,879</b>	34,154
<b>Total liabilities</b>		<b>107,254</b>	106,928
<b>Total equity and liabilities</b>		<b>299,910</b>	290,989
<b>Net current assets</b>		<b>152,882</b>	138,433
<b>Total assets less current liabilities</b>		<b>267,031</b>	256,835

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

### 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 Group is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business.

This consolidated financial information is presented in Hong Kong dollars, unless otherwise stated, and has been approved for issue by the Board of Directors on 29th May 2014.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. 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 International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”), requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). These consolidated financial statements have been prepared under the historical cost convention.

The preparation of 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.

##### *(a) New and amended standards adopted by the Group*

The following standards adopted by the Group are mandatory for the first time for the financial year beginning on or after 1st April 2013:

- (i) Amendment to IAS 1 “Financial statements presentation” regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in “other comprehensive income” on the basis of whether they are potentially reclassifiable to profit or losses subsequently (reclassification adjustments).

- (ii) IAS 19 (revised) “Employee benefits” amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:

The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. This has increased the income statement charge as the discount rate applied to assets is lower than the expected return on assets. This has no effect on total comprehensive income as the increased charge in profit or loss is offset by a credit in other comprehensive income.

There is a new term “remeasurements”. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

- (iii) Amendments to IFRS 7 “Financial instruments: Disclosures” on asset and liability offsetting. The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.
- (iv) IFRS 10 “Consolidated financial statements” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- (v) IFRS 11 “Joint arrangements” focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures (“JVs”). Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its specific share of the assets, liabilities, revenue and expenses. JVs arise where the investors have rights to the net assets of the arrangement; JVs are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.
- (vi) IFRS 12 “Disclosures of interests in other entities” includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.
- (vii) IFRS 13 “Fair value measurement” aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

**(b) New accounting standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group**

The following new standards, amendments and interpretations are effective for annual periods beginning after 1st April 2013, and have not been early adopted in preparing these consolidated financial statements:

		<b>Effective for annual period beginning on or after</b>
Amendments to IAS 19	Defined Benefit Plans — Employee Contributions	1st July 2014
Amendments to IAS 32	Offsetting Financial Assets and Liability	1st January 2014
Amendments to IAS 36	Impairment of Assets	1st January 2014
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1st January 2014
Amendments to IFRS 10, 12 and IAS 27	Investment Entities	1st January 2014
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle	1st July 2014
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle	1st July 2014
IFRIC-Int 21	Levies	1st January 2014
IFRS 14	Regulatory Deferral Accounts	1st January 2016
IFRS 9	Financial Instruments	To be determined

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

### **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 considers the business from geographic perspective. Geographically, management considers the performance of the media business in Hong Kong and Mainland China.

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

The Group mainly operates its business in Hong Kong and Mainland China. The breakdown of total revenue from external customers from these two areas and the Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2014 are as follows:

	<b>(Unaudited)</b>		
	<b>Media Business</b>		
	<b>Hong Kong</b>	<b>Mainland China</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<u>177,300</u>	<u>26,052</u>	<u>203,352</u>
Segment profit/(loss) before income tax	<u>64,202</u>	<u>(9,258)</u>	<u>54,944</u>
Unallocated expenses			<u>(12,258)</u>
Operating profit			<u>42,686</u>
Change in fair value of convertible bond			<u>(2,306)</u>
Share of loss of associates and JVs			<u>(2,972)</u>
Profit before income tax			<u>37,408</u>
Income tax expense	<u>(8,734)</u>	<u>(28)</u>	<u>(8,762)</u>
Profit for the year			<u>28,646</u>
Other information:			
Interest income	<u>1,101</u>	<u>308</u>	<u>1,409</u>
Depreciation of property, plant and equipment	<u>1,492</u>	<u>852</u>	<u>2,344</u>
Amortisation of intangible assets	<u>2,709</u>	<u>20</u>	<u>2,729</u>

The Group's turnover and results provided to the Executive Committee for the reporting segments for the year ended 31st March 2013 are as follows:

	(Audited)		
	Media Business		
	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	188,009	29,286	217,295
Segment profit/(loss) before income tax	67,071	(8,820)	58,251
Unallocated expenses			(11,669)
Operating profit			46,582
Change in fair value of convertible bond			(2,718)
Share of loss of associates and JVs			(996)
Profit before income tax			42,868
Income tax (expense)/credit	(9,318)	2,332	(6,986)
Profit for the year			35,882
Other information:			
Interest income	857	320	1,177
Depreciation of property, plant and equipment	1,122	840	1,962
Amortisation of intangible assets	2,250	21	2,271

The segment assets and liabilities as at 31st March 2014 are as follows:

	(Unaudited)				
	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Total assets	400,327	61,412	(166,308)	4,479	299,910
Total assets include:					
— Interests in associates and JVs	6,744	24,892	–	–	31,636
— Additions to non-current assets (other than deferred income tax assets and interests in associates and JVs)	2,035	241	–	–	2,276
Total liabilities	(97,186)	(175,756)	166,308	(620)	(107,254)

The segment assets and liabilities as at 31st March 2013 are as follows:

	(Audited)				
	Hong Kong	Mainland China	Eliminations	Unallocated	Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	378,593	70,466	(163,153)	5,083	290,989
Total assets include:					
— Interests in associates and JVs	8,579	24,403	–	–	32,982
— Additions to non-current assets (other than deferred income tax assets and interests in associates and JVs)	77,810	897	–	–	78,707
Total liabilities	<u>(94,117)</u>	<u>(175,565)</u>	<u>163,153</u>	<u>(399)</u>	<u>(106,928)</u>

Segment assets consist primarily of property, plant and equipment, intangible assets, interests in associates and JVs, 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 deferred income tax liabilities and current income tax liabilities.

The eliminations between the reportable segments are intercompany receivables and payables between the operating segments.

The total of non-current assets located in Hong Kong is HK\$85,238,000 (2013: HK\$89,247,000) and the total of these non-current assets located in Mainland China is HK\$25,796,000 (2013: HK\$26,002,000).

No revenue derived from a single customer is 10% or more of the combined revenue of all operating segments (2013: Nil).

#### 4 INTANGIBLE ASSETS

	<b>Group</b>			
	<b>Computer softwares HK\$'000</b>	<b>Goodwill HK\$'000</b>	<b>Trademarks HK\$'000</b>	<b>Total HK\$'000</b>
<b>At 1st April 2012</b>				
Cost	720	2,658	–	3,378
Accumulated amortisation	(197)	–	–	(197)
Net book amount	<u>523</u>	<u>2,658</u>	<u>–</u>	<u>3,181</u>
<b>Year ended 31st March 2013 (Audited)</b>				
Opening net book amount	523	2,658	–	3,181
Additions	229	–	–	229
Additions from acquisition	–	–	75,600	75,600
Amortisation expenses	(171)	–	(2,100)	(2,271)
Currency translation differences	1	45	–	46
Closing net book amount	<u>582</u>	<u>2,703</u>	<u>73,500</u>	<u>76,785</u>
<b>At 31st March 2013 (Audited)</b>				
Cost	950	2,703	75,600	79,253
Accumulated amortisation	(368)	–	(2,100)	(2,468)
Net book amount	<u>582</u>	<u>2,703</u>	<u>73,500</u>	<u>76,785</u>
<b>Year ended 31st March 2014 (Unaudited)</b>				
Opening net book amount	582	2,703	73,500	76,785
Additions	243	–	–	243
Amortisation expenses	(209)	–	(2,520)	(2,729)
Currency translation differences	–	(8)	–	(8)
Closing net book amount	<u>616</u>	<u>2,695</u>	<u>70,980</u>	<u>74,291</u>
<b>At 31st March 2014 (Unaudited)</b>				
Cost	1,158	2,695	75,600	79,453
Accumulated amortisation	(542)	–	(4,620)	(5,162)
Net book amount	<u>616</u>	<u>2,695</u>	<u>70,980</u>	<u>74,291</u>

## 5 INTERESTS IN ASSOCIATES AND JOINT VENTURES

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

	<b>2014</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2013 <i>HK\$'000</i> (Audited)
Interests in associates	<b>27,313</b>	25,512
Interests in JVs	<b>4,323</b>	7,470
	<b>31,636</b>	32,982

The amounts of share of profit/(loss) recognised in the consolidated income statement for the year are as follows:

	<b>2014</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2013 <i>HK\$'000</i> (Audited)
Associates	<b>175</b>	(466)
JVs	<b>(3,147)</b>	(530)
	<b>(2,972)</b>	(996)

### Interests in associates

Set out below are the associates of the Group as at 31st March 2014.

Name of associate	Place of incorporation	Effective equity interest	Principal activities	Measurement method
ByRead Inc. (“ByRead”)	The Cayman Islands	24.97%	Note (i)	Equity
Blackpaper Limited (“Blackpaper”)	Hong Kong	10%	Note (ii)	Equity
Guangzhou Tangde Advertising Company Limited (“Tangde”)	Peoples Republic of China (“PRC”)	10%	Note (iii)	Equity

- (i) ByRead is an investment holding company and the principal activities of its subsidiaries include the provision of mobile value-added services such as entertainment, learning and multimedia applications for individuals and enterprises in Mainland China.
- (ii) Blackpaper is engaged in providing creative multimedia services and advertising campaigns.
- (iii) Tangde is engaged in providing public relations events organising services for enterprises in Mainland China.

During the year ended 31st March 2014, the Group, through its subsidiary, subscribed for 10% of the entire issued share capital as enlarged by the subscription of the shares in Tangde for a consideration of RMB700,000. Although the Group holds less than 20% of the equity shares of this company, the Group exercises significant influence by virtue of its contractual right to nominate and remove one director out of the three directors, all having equal voting rights, which form the board of directors of this company. In addition, the Group has the power to participate in making the financial and operating policy decisions of this company.

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

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

### Interests in JVs

The JVs listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

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

- (i) Chu Kong is an investment holding company and the principal activities of its wholly-owned subsidiary, Connect Media include but not limited to video programs, posters, seat covers, magazine racks, magazines, hull advertising, light box advertisement and e-commerce at the transportation vehicles and also their terminals.

Chu Kong and Connect Media are private companies with no quoted market prices available for their shares.

There are no commitments and contingent liabilities relating to the Group's interests in the JVs.

## 6 TRADE AND OTHER RECEIVABLES

	<b>2014</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2013 <i>HK\$'000</i> (Audited)
Trade receivables	<b>43,510</b>	53,405
Less: allowance for impairment of trade receivables	<b>(41)</b>	(67)
Trade receivables — net	<b>43,469</b>	53,338
Other receivables — net	<b>7,070</b>	5,826
	<b>50,539</b>	59,164

At 31st March 2014 and 31st March 2013, 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 2014 and 2013, the ageing analysis of the Group's trade receivables by invoice date, net of allowance for impairment, is as follows:

	<b>2014</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2013 <i>HK\$'000</i> (Audited)
0 to 60 days	<b>23,592</b>	27,098
61 to 120 days	<b>13,620</b>	17,188
121 to 180 days	<b>2,996</b>	3,455
Over 180 days	<b>3,261</b>	5,597
	<u><b>43,469</b></u>	<u>53,338</u>

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

## 7 CONVERTIBLE BOND

	<b>2014</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2013 <i>HK\$'000</i> (Audited)
<b>Non-current</b>		
Convertible bond	<u><b>74,024</b></u>	<u>72,474</u>

The Company issued a convertible bond on 1st June 2012, bearing interest at the rate of 1% per annum payable half-yearly in arrears, in the principal amount of HK\$75,600,000. The maturity date of the convertible bond will be the third anniversary of the date of the issue. The holder has the right to convert in whole or part of the principal amount of the bond into shares at a conversion price of HK\$0.90 per conversion share at any time following the issue of the convertible bond and up to the close of business on the maturity date. The values of the liability component and the equity conversion component were determined at issuance of the convertible bond.

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

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

	<i>HK\$'000</i>
<b>For the year ended 31st March 2013</b>	
Face value of convertible bond issued on 1st June 2012	75,600
Equity component	<u>(5,214)</u>
Liability component on initial recognition at 1st June 2012	70,386
Coupon interest	(630)
Change in fair value of the liability component of convertible bond	<u>2,718</u>
<b>Liability component at 31st March 2013</b>	<b><u><u>72,474</u></u></b>
<b>For the year ended 31st March 2014</b>	
Liability component at 1st April 2013	72,474
Coupon interest	(756)
Change in fair value of the liability component of convertible bond	<u>2,306</u>
<b>Liability component at 31st March 2014</b>	<b><u><u>74,024</u></u></b>

## 8 TRADE AND OTHER PAYABLES AND AMOUNTS DUE TO FELLOW SUBSIDIARIES

	<b>2014</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2013 <i>HK\$'000</i> (Audited)
Trade payables	<b>5,700</b>	4,740
Other payables	<u><b>25,716</b></u>	<u>28,768</u>
	<b>31,416</b>	33,508
Amounts due to fellow subsidiaries	<u><b>1,178</b></u>	<u>535</u>
	<b><u><u>32,594</u></u></b>	<b><u><u>34,043</u></u></b>

The ageing of the amounts due to fellow subsidiaries arising from related-party 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 2014 and 2013, the ageing analysis of the trade payables by invoice date is as follows:

	<b>2014</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2013 <i>HK\$'000</i> (Audited)
0 to 60 days	<b>4,510</b>	4,460
61 to 120 days	<b>1,080</b>	152
121 to 180 days	<b>6</b>	–
Over 180 days	<u><b>104</b></u>	<u>128</u>
	<b><u><u>5,700</u></u></b>	<b><u><u>4,740</u></u></b>

## 9 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off and that the deferred income taxes relate to the same tax jurisdiction. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Deferred income tax assets		
— to be recovered after more than 12 months	<b>1,557</b>	1,576
— to be recovered within 12 months	<b>1,557</b>	1,576
	<b>3,114</b>	3,152
	<b>2014</b>	2013
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Deferred income tax liabilities		
— to be realised within 12 months	<b>(335)</b>	(288)

The movement in deferred income tax during the year is as follows:

	<b>Group</b>		
	<b>Accelerated tax depreciation HK\$'000</b>	<b>Tax losses HK\$'000</b>	<b>Total HK\$'000</b>
Balance at 1st April 2012 (Audited)	(150)	807	657
(Charged)/credited to the consolidated income statement	(138)	2,332	2,194
Currency translation differences	—	13	13
Balance at 31st March 2013 (Audited)	<b>(288)</b>	<b>3,152</b>	<b>2,864</b>
Balance at 1st April 2013 (Audited)	(288)	3,152	2,864
Charged to the consolidated income statement	(47)	(27)	(74)
Currency translation differences	—	(11)	(11)
Balance at 31st March 2014 (Unaudited)	<b>(335)</b>	<b>3,114</b>	<b>2,779</b>

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$27,003,000 (2013: HK\$30,112,000) to carry forward against future taxable income. These tax losses have not been recognised due to uncertainty of their future recoverability.

## 10 SHARE CAPITAL AND PREMIUM

	Number of issued shares <i>(in thousands)</i>	Ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st March 2012, 2013 (Audited) and 2014 (Unaudited)	400,000	400	456,073	456,473

The total authorised number of ordinary shares is 4,000 million shares (2013: 4,000 million shares) with a par value of HK\$0.001 per share (2013: HK\$0.001). All issued shares are fully paid.

## 11 EXPENSES BY NATURE

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

	2014 <i>HK\$'000</i> <i>(Unaudited)</i>	2013 <i>HK\$'000</i> <i>(Audited)</i>
Paper consumed	17,332	20,833
Depreciation of property, plant and equipment	2,344	1,962
Amortisation of intangible assets	2,729	2,271
Employee benefit expense (including directors' emoluments)	72,061	72,530
Occupancy costs	6,359	5,392
Loss on disposal of property, plant and equipment	54	320
Auditor's remuneration	1,174	1,185

## 12 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit during the year ended 31st March 2014.

No provision for the PRC current enterprise income tax has been made as the Group has unutilised tax losses to offset the assessable profits generated in the PRC during the years ended 31st March 2014 and 2013.

	2014 <i>HK\$'000</i> <i>(Unaudited)</i>	2013 <i>HK\$'000</i> <i>(Audited)</i>
Hong Kong profits tax		
— Current income tax	(8,708)	(9,204)
— Over provision in prior year	20	24
Deferred income tax		
— Current deferred income tax (expense)/credit	(74)	2,194
	<u>(8,762)</u>	<u>(6,986)</u>

### 13 EARNINGS PER SHARE

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

	<b>2014</b> <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Audited)
Profit attributable to equity holders of the Company	<u>28,646</u>	<u>35,882</u>
Number of ordinary shares in issue (in thousands)	<u>400,000</u>	<u>400,000</u>
Basic earnings per share (HK cents per share)	<u>7.2</u>	<u>9.0</u>

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

### 14 DIVIDENDS

Dividends attributable to the year:

	<b>2014</b> <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Audited)
Interim dividend, paid, HK1.5 cents (2013: HK2 cents) per ordinary share	<b>6,000</b>	8,000
Final dividend, proposed after the end of the reporting period, HK3 cents (2013: HK3.5 cents) per ordinary share	<u>12,000</u>	<u>14,000</u>
	<u><b>18,000</b></u>	<u>22,000</u>

Dividends paid during the year:

	<b>2014</b> <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Audited)
Interim dividend, 2014, HK1.5 cents (2013: HK2 cents) per ordinary share	<b>6,000</b>	8,000
Final dividend, 2013, HK3.5 cents (2012: HK4 cents) per ordinary share	<u>14,000</u>	<u>16,000</u>
	<u><b>20,000</b></u>	<u>24,000</u>

On 29th May 2014, the Board of Directors proposed a final dividend of HK3 cents per share, totalling HK\$12,000,000. Such dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 5th August 2014. Upon approval by the shareholders of the Company, this final dividend will be paid on 22nd August 2014 to shareholders whose names appear on the register of members of the Company at the close of the business on 14th August 2014. These consolidated financial statements do not reflect this dividend payable but accounted for it as proposed dividend.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results Summary

During the financial year under review, there was an economic slowdown in the Greater China region. Advertisers had tightened their promotion budgets and the Group's performance was therefore affected.

Turnover of the Group for the year ended 31st March 2014 decreased by 6% to HK\$203,352,000 due to unfavourable advertising market conditions. Gross profit of the Group therefore dropped by 10% to HK\$110,894,000 compared with the previous financial year. Profit attributable to equity holders of the Company was HK\$28,646,000, representing a 20% drop compared with the previous financial year.

### Review of Operations

#### *Hong Kong*

Turnover of Hong Kong operations, which formed 87% of the Group's total turnover for the year, recorded a drop of 6% to HK\$177,300,000. Segment profit from Hong Kong operations decreased by 4% to HK\$64,202,000 compared with the previous financial year.

"*Ming Pao Weekly* 明報周刊" ("MP Weekly"), "*Top Gear* 極速誌" ("Top Gear Hong Kong") and "*MING Watch* 明錶" ("MING Watch Hong Kong") are the Group's main turnover contributing businesses in Hong Kong. Impacted by tightened advertising spending during the year, MP Weekly recorded weakened results on advertising sales. Although Top Gear Hong Kong and MING Watch Hong Kong maintained a stable performance, the tough business climate continued to affect the Group's overall performance in Hong Kong.

During the year, the Group's tradition of delivering high quality content continued to garner public recognition and was honoured with various awards. MP Weekly received the following awards:

- Hong Kong Best and Bronze Award in Graphic (Photography-Commercial) as well as Merit in Graphic (Editorial) in the HKDA Global Design Awards 2013
- Certificate of Merit in the Feature and Commentary (Newspapers/Magazines) in the 6th Chinese University Journalism Award
- Silver Award in the Best in Design (Magazine Cover Design) in the 13th Asian Media Awards
- Silver Award in the Entertainment category in the Magazine of the Year 2013 and the 4th Prize in the Top 10 Overall Magazines of the Year 2013 organised by Marketing Magazine in Hong Kong

Meanwhile, Top Gear Hong Kong was given the following awards:

- Silver Prize in the Motoring category in the Magazine of the Year 2013 and the First Prize in the Motor Vehicles category in the Digital Media of the Year 2013 organised by Marketing Magazine in Hong Kong
- Bronze Award in both Monthly Magazine (Overall) and Monthly Magazine (Mobile) at the Media Convergence Awards 2013

During the year, the Group is developing comprehensive services from print to other areas, including but not limited to multi-media business such as social media, mobile applications, mini-movies production and event marketing. In addition, with an aim to make close and timely interaction with readers, the Group has launched a new mobile application SOBA 掃吧! recently using “Augmented Reality” technology to integrate print content with multi-media information. Readers can access relevant e-content on their smartphones and tablets by scanning specific editorial contents and advertisements via SOBA.

Top Gear Hong Kong is a popular automobile magazine with international editorial backing. During the year, the Group further developed its business and coverage from print format to multi-media format through online video platform expansion which continued to receive positive response from readers.

MING Watch Hong Kong is a professional high-end watch magazine offering feature stories and the latest trends in the watch industry. As the title has been well accepted by the market in Hong Kong, the Group has officially expanded this publishing business from Hong Kong to Mainland China.

“*Travel Planner 港澳台自由行專輯*” (“Travel Planner”) is a guidebook providing information to travelers visiting Hong Kong, Macau and Taiwan. It introduces indigenous culture, heritage sites and exotic food in addition to being a shopping guide with special features. Due to increasing popularity, Travel Planner has changed from a bimonthly to a monthly magazine since January 2014.

Travel Planner is geared towards the mass market, thus complementing “*Hong Kong Voyage 優遊香港*”, another guidebook of the Group which targets the high-end market and is published in the major holiday seasons in Mainland China. With these two travel guides, the Group is able to tap into a wider spectrum of the retail continuum, thereby attracting more advertisers and generating additional income for the Group.

#### *Mainland China*

The Group’s Mainland China operations recorded a drop of turnover of 11% to HK\$26,052,000. Segment loss during the year was HK\$9,258,000 compared with HK\$8,820,000 in the previous financial year. Increase in segment loss was mainly due to the increase in exchange rate of Renminbi to Hong Kong dollar.

During the year, Mainland China business operation is also offering comprehensive services to customers. “*Top Gear 汽車測試報告*” and “*Popular Science 科技新時代*” continue to attract Mainland Chinese readers with infotainment, news and latest updates from the automobile and technology sector respectively. Hihoku, an online platform providing quality entertainment content to Chinese communities, continues to develop in Mainland China and Hong Kong. The Group, through Hihoku, is building a production platform of mini-movies, a recent popular trend in terms of promotion. It is expected to strengthen the Group’s competitiveness in multi-media operations in the long run.

## **Performance of Other Media Investments**

ByRead Group is one of the leading mobile reading platform providers in Mainland China, with registered users increasing to approximately 69 million as at the end of March 2014, adding more than 11 million users compared with the previous financial year.

In November 2012, the Group and Chu Kong Shipping Enterprises (Group) Company Limited (Stock code: 560), jointly formed a new media company, namely, Connect Media Company Limited, to develop advertising business through the platform of the travellers in the Pearl River Delta region. Its business has officially started in April 2013 and is currently in development stage.

Blackpaper Limited has successfully expanded its operation to launch a new weekly magazine known as “100 Most” and has also commenced its own book publishing business. It has achieved satisfactory performance.

The Group has also invested in a company in Guangzhou, namely Guangzhou Tangde Advertising Company Limited, which focuses on event marketing business. The Group aims to explore more event marketing business in Mainland China through this platform.

## **Outlook**

Going forward, the Group will keep its focus on enhancing content for magazines and digital media as well as developing new products in order to explore more business opportunities. In addition, the Group will remain cautious and continuously adopt cost control measures amid business uncertainties.

## **LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO**

As at 31st March 2014, the Group’s net current assets amounted to HK\$152,882,000 (2013: HK\$138,433,000) and the total equity attributable to the equity holders of the Company was HK\$192,656,000 (2013: HK\$184,061,000). The Group had no bank borrowings (2013: Nil) and the gearing ratios, which is defined as the ratio of net debt, calculated as total borrowings (including the liability component of convertible bond) 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 2014 and 2013.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

The Group’s revenues and costs are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. Since Hong Kong dollars remain pegged to United States dollars, the Group does not foresee substantial risks from exposure to United States dollars. For subsidiaries in the PRC, most of the sales and purchases are denominated in Renminbi and the exposure to foreign exchange risk is expected to be minimal.

## **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 2014, the Group did not have any material contingent liabilities or guarantees (2013: Nil).

## **CLOSURE OF THE REGISTER OF THE MEMBERS**

The registers of the Company will be closed from Friday, 1st August 2014 to Tuesday, 5th August 2014, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 31st July 2014.

The register of members will also be closed from Tuesday, 12th August 2014 to Thursday, 14th August 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend of HK3 cents per ordinary share, all completed transfer forms accompanied by the relevant share certificates must be lodged with the aforesaid branch for registration no later than 4:30 p.m. Monday, 11th August 2014.

## **EMPLOYEES**

As at 31st March 2014, the Group has approximately 215 employees (2013: 232 employees), of which 154 and 61 were stationed in Hong Kong and in the Mainland China, respectively. 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. The Company has implemented share option schemes as an incentive to the Directors and eligible employees.

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 contributions to the local social insurance authorities in accordance with relevant laws and regulations in Mainland China.

## **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 Listing Rules and complied with the CG Code throughout the year. A detailed Corporate Governance Report setting out the Group's framework and explanations about how the provisions of the CG Code have been applied will be included in the Company's Annual Report 2013/14.

## **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 Company established an Audit Committee on 26th September 2005 with written terms of reference. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. Victor YANG. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st March 2014 and discussed matters relating to auditing, internal controls and financial reporting.

## **REMUNERATION COMMITTEE**

The Company established a Remuneration Committee on 26th September 2005 with written terms of reference. The Remuneration Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. Victor YANG and one executive Director, namely, Mr. TIONG Kiew Chiong.

## **NOMINATION COMMITTEE**

The Company established a Nomination Committee on 26th September 2005 with written terms of reference. The Nomination Committee currently comprises three independent non-executive Directors, namely, Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. Victor YANG and one executive Director, namely, Mr. TIONG Kiew Chiong.

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

Hong Kong, 29th May 2014

*As at the date of this announcement, the board of the Company comprises Tan Sri Datuk Sir TIONG Hiew King, being non-executive director; Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong, being executive directors; and Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. Victor YANG, being independent non-executive directors.*

*The Company's Annual Report 2013/14 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 2014.*